

TRANSMISSION SYSTEM OPERATOR LICENCE

GRANTED TO

EIRGRID

DISCUSSION DRAFT

AIP-SEM-07-106

5th April 2007

CONTENTS

		Page No
1	Part 1 – TERMS OF THE LICENCE.....	1
2	Part 2 – CONDITIONS OF THE LICENCE.....	2
	Condition 1 Interpretation and Construction.....	2
	Condition 2 Infrastructure Agreement.....	7
	Condition 3 General Functions.....	8
	Condition 4 System Operator Agreement.....	9
	Condition 5 Connection to <u>the Transmission System and/or</u> Use of the All-Island Transmission Networks.....	11
	Condition 6 Single Electricity Market Trading and Settlement Code.....	13 12
	Condition 7 Forecast Statement.....	14 13
	Condition 8 Development Plan.....	15 14
	Condition 9 Interconnectors.....	16 15
	Condition 10 Central Dispatch.....	17 16
	Condition 11 Economic Procurement of Assets, Services and Ancillary Services.....	20 19
	Condition 12 Relevant Assets.....	24 20
	Condition 13 Additional Use or Disposal of Relevant Assets.....	22 21
	Condition 14 Detection and Prevention of Theft of Electricity.....	23 22
	Condition 15 Transmission System Security and Planning Standards.....	24 23
	Condition 16 Operating Security Standard.....	25 24
	Condition 17 Duty of Non-Discrimination.....	26 25
	Condition 18 Performance of the Transmission System Operation Business.....	27 26
	Condition 19 Access to Land and/or Premises.....	28 27
	Condition 20 Prohibited Activities.....	29 28
	Condition 21 Restriction on Use of Certain Information.....	30 29
	Condition 22 Separate Accounts for Separate Businesses.....	32 31
	Condition 23 Prohibition of Subsidies and Cross-subsidies.....	33 32
	Condition 24 Payment of Levy.....	34 33
	Condition 25 Public Service Obligation.....	35 34
	Condition 26 Provision of Information.....	36 35
	Condition 27 Provision of Information to the Commission.....	37 36
	Condition 28 Code of Conduct <u>37</u>	
	<u>Condition 29 Grid Code</u>	38
	Condition 29 Grid Code.....	39
	Condition 30 Distribution Code.....	40 39
	Condition 31 Compliance with Laws and Directions.....	41 40
	Condition 32 Environment.....	42 41
	Condition 33 Health and Safety.....	43 42

1 **PART 1 – TERMS OF THE LICENCE**

1. The Commission for ~~Electricity~~**Energy** Regulation (hereinafter referred to as “**the Commission**”), in exercise of the powers conferred by Section {14(1)(e)} of the Electricity Regulation Act, 1999 (hereinafter referred to as “**the Act**”), as inserted by Regulation {32} of the European Communities (Internal Market in Electricity) Regulations {2000} (hereinafter referred to as “**SI 445 of 2000**”), hereby grants to EirGrid (hereinafter referred to as “**the Licensee**”) a licence to operate the transmission system to transmit electricity in the State subject to the Conditions (hereinafter referred to as “**the Conditions**”) set out in Part 2.
2. The Licensee shall discharge the functions of the Transmission System Operator as provided for in Regulation {8} (Functions of the transmission system operator) of SI 445 of 2000, as amended by Regulation 6 of the European Communities (Internal Market in Electricity) Regulations 2005 (hereinafter referred to as “**SI 60 of 2005**”) ~~and as amended by [reference to SEM legislation].~~
3. The Conditions are subject to modification or amendment in accordance with Sections {14(3)}, {14(6)(a)} and {19} of the Act.
4. This Licence shall come into force on ~~the Effective Date~~**1st July 2006** and, shall continue in full force and effect until determined by notice in writing given by the Commission to the Licensee.

[Note: In conjunction with the transition workstream, consideration needs to be given to how and when the modified provisions of the licence are to take effect]

Sealed with the common seal of the Commission for Energy Regulation on 29th June 2006.

COMMISSION FOR ENERGY REGULATION

on {•}.

Commissioner

Member of ~~S~~**s**taff of the Commission

2 PART 2 – CONDITIONS OF THE LICENCE

Condition 1 Interpretation and Construction

1. Unless the contrary intention appears:
 - (a) words and expressions used in the Conditions shall be construed as if they were in an enactment and the Interpretation Acts, 1937 to ~~2005~~1997 applied to them; and
 - (b) references to an enactment shall include subordinate legislation and, in both cases, any statutory modification or re-enactment thereof after the date when this Licence comes into force.
2. Any word or expression defined for the purposes of any provision of the Act, SI 445 of 2000 ~~or 2000~~, SI 60 of 2005 or ~~reference to SEM Legislation~~the Single Market Regulations shall, unless otherwise defined herein, have the same meaning when used in the Conditions.
3. In the Conditions unless otherwise specified or the context otherwise requires:

“Act” refers to the Electricity Regulation Act, 1999;

“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;

“All-Island Transmission Networks” means the transmission system together with the Northern Ireland Transmission System;

“Ancillary Services” has the meaning given in the Grid Code;

“authorised electricity operator” shall have the meaning given thereto in the licence held by Northern Ireland System Operator in that capacity;

“Authority” means the Northern Ireland Authority for ~~Energy~~Utility Regulation established under Article 3 of the Energy (Northern Ireland) Order 2003;

“Board” means the Electricity Supply Board;

“Development Plan” means the plan required to be prepared by the Licensee pursuant to Regulation ~~{8(6)(a)}~~ (functions of transmission system operator) of SI 445 of 2000;

“Distribution Code” means the Distribution Code prepared by the Board pursuant to Section ~~{33}~~ (Preparation of Grid Code and Distribution Code) of the Act, and approved by the Commission, as from time to time revised, amended, supplemented or replaced with the approval or at the instance of the Commission;

“distribution system” means all electric lines of the Board which the Board may, with the approval of the Commission, specify as being part of the Board's distribution system, and includes any electric plant, transformers and switchgear of the Board which is used for conveying electricity to final customers;

“Distribution System Operator” means the Board in its capacity as distribution system operator, licensed pursuant to Section ~~{14(1)(g)}~~ of the Act;~~“Effective Date” means the date specified by the Minister for Communications, Marine and Natural Resources pursuant to Regulation [•] (Effective Date) of the [Single Market Regulations];~~

“EirGrid” means the company formed under Regulation ~~{34}~~ of SI 445 of 2000;

“electricity undertaking” means any person engaged in the generation, transmission, distribution or supply of electricity, including any holder of a licence or authorisation or a person who has been

granted a permit under Section 37 of the Electricity (Supply) Act 1927 and any person transferring electricity to or from the ~~State~~Republic of Ireland across an ~~ana~~Republic of Ireland Interconnector or across the North/South Circuits, or who has made an application for use of an ~~ana~~Republic of Ireland Interconnector which has not been refused;

"Forecast Statement" means the statement which the Licensee is required to prepare pursuant to Section {38} of the Act;

"generation unit" means any plant or apparatus for the production of electricity;

"Generator" means a person licensed to generate electricity under Section {14(1)(a)} (Licences to generate and supply electricity) of the Act or the Board acting in its capacity as owner or operator of generating units;

"Grid Code" means the Grid Code prepared by the Board pursuant to Section {33} (Preparation of Grid Code and Distribution Code) of the Act and approved by the Commission, as from time to time revised, amended, supplemented or replaced by the Licensee with the approval or at the instance of the Commission;

"holding company" means a holding company within the meaning of the Companies Acts, 1963 to 20052003;

"Infrastructure Agreement" means the agreement between the Board in its capacity as Transmission System Owner and the Licensee, entered into on 16th March 2006 pursuant to Regulation {18} (Infrastructure Agreement) of SI 445 of 2000, as from time to time revised, amended, supplemented or replaced with the approval or at the instance of the Commission;

~~**"Interconnector"** means for the purpose of this Licence, equipment used to link the All Island Transmission Networks to electricity systems outside of the Island of Ireland;~~

"Interconnector" means a Republic of Ireland Interconnector and/or a Northern Ireland Interconnector;

"Island of Ireland" means the Republic of Ireland and Northern Ireland;

"Licensee" means EirGrid, in its capacity as Transmission System Operator;

"Market Operator Licensee" means EirGrid in its capacity as market operator licensed pursuant to Section ~~{~~**14(1)(j)** of the ~~[Reference SEM Legislation]~~**Act** or any other person which may, from time to time, hold a licence pursuant to Section ~~{~~**14(1)(j)** of the ~~[Reference SEM Legislation]~~**Act**;

"Metering Equipment" means meters, time-switches, measurement transformers, metering protection and isolation equipment, circuitry and their associated data storage and data communications equipment and wiring which are part of the active energy and reactive energy measuring equipment at or relating to land and/or premises of a final customer or electricity undertaking;

"modification" includes addition, deletion, amendment and substitution; and cognate expressions shall be construed accordingly;

"Northern Ireland Interconnector" means for the purpose of this Licence, equipment used to link the Northern Ireland Transmission System to electricity lines outside of the Island of Ireland, but excluding the North/South Circuits;

"North/South Circuits" means the electric lines and electrical plant used for conveying electricity directly to or from a substation or converter station within the Republic of Ireland directly to or from a substation or converter station within Northern Ireland (and not for conveying electricity elsewhere);

"Northern Ireland Market Operator Licensee" means {SONI} and/or any other company or person which may from time to time be authorised to ~~[reference new prohibition]~~**undertake the role of**

market operator of the Single Electricity Market by a licence granted under Article 10(1)(d) of the Electricity (Northern Ireland) Order 1992;

"Northern Ireland System Operator" means the holder of a transmission licence granted under Article 10(1)(b) of the Electricity (Northern Ireland) Order 1992 and who is, from time to time, designated by the Authority as the transmission system operator for Northern Ireland;

"Northern Ireland Transmission System" shall have the meaning given to the term "transmission system" in the licence granted to the Northern Ireland System Operator under Article 10(1)(b) of the Electricity (Northern Ireland) Order 1992;

"participating interest" has the meaning given to that term in Regulation [35] of the European Communities (Companies: Group Accounts) Regulations 1992 (S.I. 201 of 1992);

"related undertaking" means any undertaking having a participating interest in the Licensee or any undertaking in which the Licensee has a participating interest;

"Republic of Ireland Interconnector" means for the purpose of this Licence, equipment used to link the transmission system to electricity systems outside of the Island of Ireland, but excluding the North/South Circuits;

"Separate Business" means any business or businesses of the Licensee, whether carried out directly or by an affiliate or related undertaking of the Licensee, other than the Transmission System Operation Business;

"Single Electricity Market" means the single wholesale electricity market and associated arrangements for the Island of Ireland implemented in the **State Republic of Ireland** pursuant to Regulation [•] of the **Act and the Single Market Regulations**;

"Single Electricity Market Trading and Settlement Code" means the Trading and Settlement Code provided for in Regulation [14] of the [Single Market Regulations] ~~for the Single Electricity Market~~, as from time to time revised, amended, supplemented or replaced with the approval or at the instance of the Commission;

~~**"Single Market Operation Business"** means the activity of the Market Operator Licensee as provided for in the licence granted under [•] of [•] and the activity of Northern Ireland Market Operator Licensee as provided for in the licence granted under Article 10(1)(d) of **Regulations**" means the Electricity **Regulation Act 1999** (Northern Ireland) Order 1992; **"Single Market Regulations"** means the [•] Regulations, [•] (S.I. [•]) of [•]; **Single Electricity Market) Regulations 2007 (SI [•] of 2007)**;~~

"SONI" means SONI Limited, a company incorporated in Northern Ireland under company number N4038745 **NI038715**;

"subsidiary" has the meaning given in the Companies Acts, 1963 to **20052003**;

"Supplier" means any person licensed to supply electricity pursuant to section 14 of the Act;

"System Operator Agreement" means the agreement of that name entered into pursuant to Condition 4;

"transmission system" means the system of electric lines comprising wholly or mainly the Board's high voltage lines and electric plant and which is used for conveying electricity from a generating station to a substation, from one generating station to another, from one substation to another or to or from any **Republic of Ireland Interconnector** or to final customers (**including such part of the North/South Circuits as is owned by the Board**) (but shall not include any such lines which the Board may, with the approval of the Commission, specify as being part of the distribution system), and shall include any **Republic of Ireland Interconnector** owned by the Board;

"Transmission System Operation Business" means the business of the Licensee as operator of the transmission system;

"Transmission System Operator" means the Licensee in its capacity as transmission system operator pursuant to this Licence;

"Transmission System Owner" means the Board as owner of the transmission system, licensed pursuant to Section {14(1)(f)} of the Act; and

"Transmission System Security and Planning Standards" means the document of that title prepared by the Licensee under the terms of this Licence.

4. Unless otherwise specified:
 - (a) any reference to a numbered Condition is a reference to the Condition bearing that number in this Licence;
 - (b) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the Condition or Schedule in which the reference occurs; and
 - (c) 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.
5. The heading or title of any Part, Condition, Schedule or paragraph shall not affect the construction thereof.
6. Where any obligation of the Licensee is expressed to require 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).
7. The provisions of Section {4} (Service of Notices) of the Act 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 and directions issued by the Commission pursuant to any Condition shall be delivered or served as aforesaid.
8. In discharging its obligations under this Licence, the Licensee shall take into account the following aims:
 - (i) securing the operation, maintenance and development of a safe, secure, reliable, economical, efficient and coordinated electricity transmission system as part of an efficient, economical, co-ordinated, safe, secure and reliable electricity transmission system on the Island of Ireland as a whole;
 - (ii) facilitate the ~~T~~ransmission ~~S~~ystem being made available to persons authorised to supply or generate electricity, on terms which neither prevent nor restrict competition in the supply or generation of electricity on the Island of Ireland as a whole;
 - (iii) subject to paragraphs (i) and (ii), promoting the security and efficiency of electricity generation on the Island of Ireland as a whole and promoting the security and efficiency of electricity distribution in the ~~State~~Republic of Ireland;
 - (iv) ~~{subject to paragraphs (i), (ii) and (iii)}~~ paragraphs subparagraphs (i), (ii) and (iii) of this paragraph 8, minimising the overall costs of the generation, transmission, distribution and supply of electricity to final customers on the Island of Ireland;~~;~~ and
 - (v) ensuring that all reasonable demands for electricity are met.
9. Where any Condition of the Licence requires the Licensee to act "*in conjunction with Northern Ireland System Operator*" in the fulfilment of an obligation, the Licensee shall:

- (a) to the extent the Licensee is reasonably capable of fulfilling that obligation without the assistance of the Northern Ireland System Operator, be obliged to fulfil that obligation and shall use all reasonable endeavours to work together with the Northern Ireland System Operator in so doing;
- (b) to the extent the Licensee is not reasonably capable of fulfilling that obligation without the assistance of the Northern Ireland System Operator:
 - (i) ensure that the System Operator Agreement requires the Northern Ireland System Operator to provide the assistance in question, and, where it does not, seek to amend the System Operator Agreement so that it does;
 - (ii) exercise all rights available to the Licensee (including under the System Operator Agreement) in order to obtain the assistance in question; and
 - (iii) on obtaining the assistance in question, be obliged to fulfil that obligation and shall use all reasonable endeavours to work together with the Northern Ireland System Operator in so doing; and
- (c) to the extent the Northern Ireland System Operator is obliged (by the laws or licence obligations applicable to it) to act in conjunction with the Licensee in the fulfilment of an equivalent obligation, be obliged to provide such assistance as the Northern Ireland System Operator reasonably requests in order to enable it to fulfil that obligation.

Condition 2 Infrastructure Agreement

1. The Licensee shall enter into and at all times have in force and comply with the Infrastructure Agreement.
2. The Licensee shall together with the Transmission System Owner, periodically review (including at the request of the Commission), the Infrastructure Agreement and its implementation.
3. The Infrastructure Agreement may not be amended without the consent of the Commission.
4. The Licensee shall report annually to the Commission on the operation of the Infrastructure Agreement.
5. The Licensee shall comply with any amendment to the Infrastructure Agreement as directed by the Commission under Regulation {18(1)(c)} of SI 445 of 2000 or approved by the Commission at the request of either or both parties to the Infrastructure Agreement.

~~[Note: Regulation 18 may need to be amended to take into account SEM]~~

Condition 3 General Functions

1. The Licensee shall:
 - (a) operate and ensure the maintenance of and, if necessary, develop a safe, secure, reliable, economical and efficient electricity transmission system as part of an efficient, economical, co-ordinated, safe, secure and reliable electricity transmission system on the Island of Ireland as a whole, and to explore and develop opportunities for interconnection of its system with other systems, in all cases with a view to ensuring that all reasonable demands for electricity are met and having due regard for the environment; and
 - (b) ensure the availability of all ancillary services which are necessary for the Licensee to carry out its functions in paragraph (a) insofar as this availability is independent from any other transmission system with which it is interconnected; and
 - (c) plan the long term ability of the transmission system to meet reasonable demands for the transmission of electricity; and
 - (d) contribute to security of supply through adequate planning and operation of transmission capacity and system reliability; and
 - (e) take into account the need to operate a co-ordinated distribution system and transmission system; and
 - (f) co-ordinate with the Northern Ireland System Operator in order to ensure that the transmission system and the Northern Ireland Transmission System can be operated in a co-ordinated manner; and
 - (g) report to the Commission, in such form and in such manner as may be required by the Commission, in regard to security of supply matters as specified in Regulation 28(2) of SI 60 of 2005 and other matters as the Commission may specify. Where the Licensee is of the opinion that security of supply is threatened or likely to be threatened, it shall advise the Commission of this and make recommendations to the Commission on measures necessary to cover peak demand and deal with shortfalls.

[Note: Condition 3 will need to be updated to take into account revised SO functions under SEM].

Condition 4 System Operator Agreement

1. The Licensee shall enter into and comply with, and, in conjunction with the Northern Ireland System Operator, at all times ~~have~~maintain in force ~~and shall comply with an agreement (the “System Operator Agreement”)~~ which:
 - (a) insofar as any matter is within the control of the Northern Ireland System Operator and affects the ability of the Licensee to comply, on a continuing basis, with the Licence or any laws or regulations applicable to the Transmission System Operator Business, ensures that such matter is carried out in a manner such that the Licensee is capable, on a continuing basis, of complying with the Licence and such laws and regulations;
 - (b) insofar as any matter is within the control of the Licensee and affects the ability of the Northern Ireland System Operator to comply, on a continuing basis, with any licences, laws or regulations applicable to the Northern Ireland System Operator in undertaking its functions, ensures that such matter is carried out in a manner such that the Northern Ireland System Operator is capable, on a continuing basis, of complying with ~~the~~ such licences, laws and regulations;
 - (c) insofar as a matter is within the control of the Licensee in carrying on the Transmission System Operator Business and/or of the Northern Ireland System Operator and affects the ability of the Market Operator Licensee and/or the Northern Ireland Market Operator Licensee to comply, on a continuing basis, with any licences, laws or regulations applicable to the Market Operator Licensee in undertaking its functions and/or the Northern Ireland Market Operator Licensee in undertaking its functions, ensures that such matter is carried out in a manner such that the Market Operator Licensee and/or the Northern Ireland Market Operator Licensee (as applicable) is capable, on a continuing basis, of complying with ~~the~~ such licences, laws and regulations;
 - (d) insofar as a matter is within the control of the Market Operator Licensee and/or of the Northern Ireland Market Operator Licensee and affects the ability of the Licensee in carrying on the Transmission System Operator Business and/or of the Northern Ireland System Operator to comply, on a continuing basis, with any licences, laws or regulations applicable to the Licensee in carrying on the Transmission System Operator Business and/or to the Northern Ireland System Operator in undertaking its functions, ensures that such matter is carried out in a manner such that the Licensee in carrying on the Transmission System Operator Business and/or to the Northern Ireland System Operator (as applicable) is capable, on a continuing basis, of complying with ~~the~~ such licences, laws and regulations; and
 - (e) is designed so as ~~to promote~~:
 - (i) promote the efficient discharge of the obligations imposed on the Licensee in its capacity as the Transmission System Operator, and on the Northern Ireland System Operator, under licences, laws and regulations;
 - (ii) facilitate the development, maintenance and operation of the transmission system as part of efficient, economical, co-ordinated, safe, secure and reliable All-Island Transmission Networks;
 - (iii) neither prevent nor restrict effective competition in the generation and supply of electricity on the Island of Ireland; and
 - (iv) ~~the promotion of~~promote good industry practice and efficiency in the implementation and administration of the matters covered by the System Operator Agreement.

- 2.** Without prejudice to the generality of paragraph 1, the System Operator Agreement shall:
- (a)** 2. Without prejudice to the generality of paragraph 1, the System Operator Agreement shall set out the arrangements regarding the rights and obligations of the Licensee as against the Northern Ireland System Operator, in relation to contracts (and applications) for connection to, **the transmission system, connection to the Northern Ireland Transmission System** and use of, the All-Island Transmission Networks (including as envisaged by ~~{Reference SEM legislation}~~**section 34B of the Act**); and
- (b)** **provide for the sharing of costs and the making of payments between the Licensee and the Northern Ireland System Operator including, but not limited to, any sharing of costs and the making of any payments in respect of action taken or expenditure incurred by the Licensee or Northern Ireland System Operator for the purposes of complying with the provisions of the System Operator Agreement.**
3. The Licensee shall, in conjunction with Northern Ireland System Operator, periodically review (including at the request of the Commission) the System Operator Agreement and its implementation.
4. Save as provided for in paragraphs 5 and 6 below, the Licensee shall procure that the System Operator Agreement is not amended otherwise than by mutual consent of all of the persons who are, at the relevant time, a party to the System Operator Agreement **and in each instance where a proposed amendment may have a material impact on the business of any electricity undertaking or on the operation of the Single Electricity Market, the Licensee shall consult with electricity undertakings and give due consideration to any representations received.**
5. The Licensee shall ensure that the System Operator Agreement allows any party to the System Operator Agreement to (without restriction) refer to the Commission any proposed amendment to the System Operator Agreement that any other party thereto disputes where the dispute remains outstanding for more than {30} days after a party serves a notice on the other parties that refers to this paragraph. Where a proposed amendment is referred to the Commission in accordance with the provision of the System Operator Agreement including ~~ed~~ in order to meet the requirements of this paragraph, the Licensee shall comply with (and, in conjunction with the Northern Ireland System Operator, amend the System Operator Agreement to conform to) that amendment to the extent it is approved by the Commission. **[Note: Equivalent of this paragraph to be included in MO licence]**
6. In addition to the matters specified in paragraph 5, the System Operator Agreement may provide for there to be referred to the Commission for determination (subject to the Commission accepting such referral) such additional matters arising under the System Operator Agreement as may be specified in the System Operator Agreement.
7. The Licensee shall, in conjunction with Northern Ireland System Operator, report annually to the Commission on the operation of the System Operator Agreement to the extent relevant to the functions, rights and obligations of the Licensee.
8. Where required by the Commission and to the extent required by the Commission, the Licensee shall publish the terms and conditions of the System Operator Agreement on its web site.

Condition 5 Connection to the Transmission System and/or Use of the All-Island Transmission Networks

1. The provisions of Section {34} (Terms for connection to and use of transmission or distribution system), Section {35}~~34B (Arrangements and agreements relating to transmission system and All-Island Transmission Networks), Section 35~~ (Charges for connection to and use of transmission system or distribution system), Section {36} (Approval by Commission of Statement of Charges) and Section {37} (Direct lines) of the Act, as amended by SI 445 of 2000, ~~2000 and SI 60 of 2005~~, shall apply to the Licensee, save that for the purposes of the Licence references to the transmission system and the distribution system shall be read as references to the transmission system only.
2. The Licensee shall comply with any directions or determinations given to it by the Commission, from time to time, pursuant to Section ~~{34, Section 34}B~~, Section {35}, ~~Section {36}35, Section 36~~ or Section {37} of the Act.
3. Where required by the Commission, the Licensee shall, in co-operation with Northern Ireland System Operator, publish and make available on the Licensee's web-site the statement of charges for connection to and use of the transmission system ~~and use of the All-Island Transmission Networks~~ approved by the Commission under Section {36} of the Act.
4. ~~The Licensee shall ensure that the System Operator Agreement provides:~~
Where required by the Commission, the Licensee shall, in co-operation with Northern Ireland System Operator, publish and make available on the Licensee's web-site a statement of charges for use of the All-Island Transmission Networks approved by the Commission.
~~(a) that, at the request of the Northern Ireland System Operator in respect of an application to the Northern Ireland System Operator for use of the All-Island Transmission Networks or connection to (or modification of an existing connection to) the All-Island Transmission Networks at an entry or exit point on the Northern Ireland Transmission System, the Licensee shall (subject to paragraph 7) provide the Northern Ireland System Operator with an offer to:
(i) carry out of the works to the transmission system (if any) necessary to enable such use, connection or modification; and obtain the consents (if any) necessary for such purposes;
(ii) carry out of the works to the transmission system (if any) necessary in connection with the extension or reinforcement of the All-Island Networks rendered necessary or appropriate by reason of such use, connection or modification; and the obtain the consents (if any) necessary for such purposes,
by a stated date.~~
~~(b) for any payments between the Licensee and the Northern Ireland System Operator in respect of such use of system; and
(c) for the payments between the Licensee and the Northern Ireland System Operator in respect of such connection or modification, the amount of such payments to be set in conformity with the requirements of [Reference SEM legislation].~~
5. ~~For the purpose of determining an appropriate proportion of the costs directly or indirectly incurred in carrying out works in respect of a request such as is envisaged by paragraph 4(a), the Licensee shall have regard to:~~
The Licensee shall:
~~(a) the benefit (if any) to be obtained or likely in the future to be obtained by the Licensee or any other person as a result of the carrying out of such works (or of such other~~

~~matters) whether by reason of the reinforcement or extension of any part of the All-Island Networks or the provision of additional entry or exit points on such networks or otherwise; and~~

~~(b) the ability or likely future ability of the Licensee to recoup a proportion of such costs from third parties.~~

~~6. The Licensee shall ensure that the System Operator Agreement requires the Licensee to respond to requests such as are envisaged by paragraph 4(a) as soon as practicable and (save where the Commission consents to a longer period) in any event not more than the period specified in paragraph 7 after receipt by the Licensee of a request that complies with the relevant requirements of the System Operator Agreement.~~

~~7. For the purpose of paragraph 6, the period specified shall be:~~

~~(a) in the case of persons seeking use of system, [28] days; and~~

~~(b) in the case of persons seeking connection (or modification to an existing connection) or seeking use of system in conjunction with connection, [3] months.~~

~~8. The Licensee shall ensure that the System Operator Agreement provides that, if after a period which appears to the Commission to be reasonable for the purpose, the Licensee and the Northern Ireland System Operator have not entered into a binding commitment pursuant to such a request as is envisaged under paragraph 4(a), the Commission may, on the application of the Licensee or the Northern Ireland System Operator, settle the terms of the offer envisaged pursuant to paragraph 4(a) in such manner as appears to the Commission to be reasonable having (insofar as relevant) regard in particular to the following considerations:~~

~~(a) that the Licensee should be able to recover the whole or an appropriate proportion (as determined in accordance with paragraph 5) of the costs referred to in [Reference SEM legislation] together with a reasonable rate of return on the capital represented by such costs; upon receipt of a request from the Northern Ireland System Operator, insofar as any matter is within the control of the Licensee, ensure that the Northern Ireland System Operator can fulfil the conditions of the licence held by it in that capacity in relation to connection to the Northern Ireland Transmission System and use of the All-Island Transmission Networks;~~

~~(b) that the performance by the Licensee of its obligations under the agreement in question should not involve the Licensee in a breach such as is referred to in [Reference SEM legislation] upon receipt of such a request as is referred to in subparagraph (a) of this paragraph 5, provide such information, conduct such studies, perform or procure the carrying out of such works to the transmission system and do such other things (including, but not limited to, the carrying out of such works) as are required for the purposes of ensuring that the Licensee complies with subparagraph (a) of this paragraph 5;~~

~~(c) that any methods by which the transmission system is connected to any other system for the transmission or distribution of electricity accord (insofar as applicable to the Licensee) with the Grid Code and with the Distribution Code; and~~

~~(d) that the terms and conditions of the agreement so settled by the Commission and of any other such agreements entered into by the Licensee pursuant to an application under this Condition should be, so far as circumstances allow, in as similar a form as is practicable.~~

~~9. If~~

~~and the Licensee shall ensure that the System Operator Agreement contains provisions providing for such matters.~~

- 6.** **Any dispute between the Licensee and** the Northern Ireland System Operator wishes to proceed on the basis of the offer so settled by the Commission, the Licensee shall forthwith enter into and implement the agreement so settled as so settled.
- ~~10.~~ If the Licensee or the Northern Ireland System Operator wishes to vary the terms of the arrangements entered into pursuant to such an offer as is envisaged by paragraph 4(a) or such an offer as is settled in accordance with this Condition, the Commission may, at the request of the Licensee or the Northern Ireland System Operator, settle any dispute relating to such variation in such manner as appears to the Commission to be reasonable.

[Note: Sections 34, 35 and 36 will need to be revised to take into account SEM].in relation to the provisions of the System Operator Agreement required by paragraph 5 which is not capable of being resolved in accordance with the dispute resolution procedure in the System Operator Agreement may be resolved in accordance with regulations made by the Commission under section 34B(3)(e) of the Act.

Condition 6 Single Electricity Market Trading and Settlement Code

1. The Licensee shall accede to the Single Electricity Market Trading and Settlement Code and comply with it insofar as it is applicable to it in its capacity as Transmission System Operator.

[Note: Transition provisions required in relation to run-off of the existing Trading and Settlement Code]

Condition 7 Forecast Statement

1. The Licensee shall, in consultation with Northern Ireland System Operator, no later than such period after this Licence has come into force, as the Commission shall direct prepare in a form approved by the Commission a statement, in accordance with Section 38 of the Act, to be known and referred to as the "Forecast Statement".
2. The Licensee shall, in consultation with Northern Ireland System Operator, at least annually, revise the information set out in and the form of the Forecast Statement in order that the Forecast Statement shall continue to be accurate in all material respects. The form of the revised Forecast Statement shall be subject to the approval of the Commission.
3. The Licensee may omit from the Forecast Statement any information the disclosure of which would place the Licensee in breach of Condition {21} (Restriction on Use of Certain Information).
4. The Licensee shall publish and make available the Forecast Statement on the Licensee's website~~website~~.
5. The preparation of any statement in accordance with paragraph 1 shall, so far as practicable, be co-ordinated with the preparation of any equivalent document prepared by Northern Ireland System Operator and such statements shall, so far as possible, and save to the extent the Commission consents otherwise, be prepared on a consistent basis.
6. In this Condition:

"**consistent basis**" means, in respect of two or more documents, that the assumptions and input data which are common to those documents, and methodologies by which results in relation to equivalent subjects in those documents are derived, are (to the extent material to those documents and/or their subject matter) materially the same, and that the conclusions or outcomes in relation to equivalent subjects in those documents are presented in a manner which is designed so as to facilitate ease of comparison between the documents.

Condition 8 Development Plan

1. The Licensee shall, in consultation with Northern Ireland System Operator, no later than such period after this Licence has come into force as the Commission shall direct, prepare and submit to the Commission for approval a plan, in accordance with Regulation {8(6)} of SI 445 of 2000 to be known and referred to as the Development Plan, for the development of the transmission system in order to guarantee security of supply for the following five calendar years.
2. The Licensee shall, in consultation with Northern Ireland System Operator, revise the Development Plan at least annually in order that the information set out in the Development Plan shall continue to be accurate in all material respects and shall submit it to the Commission for approval.
3. The provisions of Regulation {8(6)} of SI 445 of 2000 (Functions of transmission system operator) shall apply to any revisions of the Development Plan.
4. The Licensee shall publish and make available the Development Plan on the Licensee's website~~web-site~~.
5. The preparation of any plan in accordance with paragraph 1 shall, so far as practicable, be co-ordinated with the preparation of any equivalent document prepared by Northern Ireland System Operator and such plans shall, so far as possible and save to the extent the Commission consents otherwise, be prepared on a consistent basis.
6. In this Condition:

"consistent basis" means, in respect of two or more documents, that the assumptions and input data which are common to those documents, and methodologies by which results in relation to equivalent subjects in those documents are derived, are (to the extent material to those documents and/or their subject matter) materially the same, and that the conclusions or outcomes in relation to equivalent subjects in those documents are presented in a manner which is designed so as to facilitate ease of comparison between the documents.

Condition 9 Interconnectors

1. In accordance with Regulation ~~{8(1)}~~ of SI 445 of 2000 the Licensee shall, no later than such period after this Licence has come into force as the Commission shall direct, prepare a procedure for the use of Republic of Ireland Interconnectors with other systems to be submitted to the Commission for approval.
2. The Licensee shall explore and develop opportunities to interconnect the ~~All-Island Transmission Network~~ transmission system with other systems and shall comply with any direction of the Commission pursuant to Regulation ~~{8(7)}~~ of SI 445 of 2000.
3. The Licensee shall as soon as practicable after the commissioning of each Republic of Ireland Interconnector and, in any event, not later than such date as the Commission shall specify, prepare a statement for the approval of the Commission showing:
 - (a) the total amount of the capacity of each or all relevant ~~interconnector~~ Republic of Ireland Interconnectors either individually or in aggregate as the Commission may decide which the Licensee anticipates will be available for the transfer of electricity from and to the Island of Ireland;
 - (b) the amount of that capacity of each Republic of Ireland Interconnector proposed to be reserved by the Licensee and/or any other system operator for such purposes as system security;
 - (c) such matters (if any) as the Commission shall specify prior to its approval of the statement.
4. The Licensee shall review the statement referred to in paragraph 3 in such form and at such frequency as the Commission may specify from time to time.
- ~~5. The preparation of any procedures in accordance with paragraph 1 or statement in accordance with paragraph 3 shall, so far as possible, be co-ordinated with the preparation of any equivalent procedures or statements prepared by Northern Ireland System Operator and such procedures and statements shall, so far as possible, be prepared on a consistent basis.~~
5. ~~6.~~ The Licensee shall publish and make any statement prepared in accordance with this Condition available on the Licensee's web-site.
- ~~7. In this Condition:~~

~~"consistent basis" means, in respect of two or more documents, that the assumptions and input data which are common to those documents, and methodologies by which results in relation to equivalent subjects in those documents are derived, are (to the extent material to those documents and/or their subject matter) materially the same, and that the conclusions or outcomes in relation to equivalent subjects in those documents are presented in a manner which is designed so as to facilitate ease of comparison between the documents.~~

Condition 10 Central Dispatch

1. The Licensee shall, in conjunction with the Northern Ireland System Operator, schedule SEM Generation and ensure that direct instructions for the dispatch of SEM Generation are issued in accordance with paragraphs 2, 3, 4 and 5.
2. Having regard to information provided to it by the Northern Ireland System Operator and by electricity undertakings and by authorised electricity operators ~~in Northern Ireland~~ (including as to forecast levels of electricity demand and availability of generation capacity), to forecast levels of electricity available to be transferred to or from the Island of Ireland across any Interconnector and to the requirements of the Transmission System Security and Planning Standards and the equivalent standards in Northern Ireland, the Licensee shall, in conjunction with the Northern Ireland System Operator undertake operational planning:
 - (a) for the matching of SEM Generation output (including a reserve of SEM Generation to provide a security margin of SEM Generation availability) with forecast demand on the Island of Ireland after taking into account, inter alia:
 - (i) unavailability of generation ~~sets~~units and/or Interconnector transfers;
 - (ii) constraints from time to time imposed by technical limitations on the All-Island Transmission Networks or any part thereof; and
 - (iii) electricity delivered to the All-Island Transmission Networks from generation ~~sets~~units not subject to central dispatch; and
 - (b) consistently with sub-paragraph (a) above, and in accordance with the Grid Code, for the release of parts of the transmission system for maintenance, repair, extension or reinforcement.
3. The Licensee shall (pursuant to the Grid Code), in conjunction with Northern Ireland System Operator (pursuant to the Northern Ireland Grid Code), establish ~~pursuant to the Grid Code~~, and operate, a merit order system for SEM Generation.
4. Taking account of, inter alia, the factors set out in paragraph 5, the Licensee shall, in conjunction with the Northern Ireland System Operator, ~~schedule SEM Generation and ensure that direct instructions for the dispatch of SEM Generation are issued:~~
 - (a) schedule SEM Generation; and**
 - (b) except to the extent not reasonably achievable given the fact that the Licensee and Northern Ireland System Operator each have separate control centres from which dispatch instructions to generation units in each of their respective jurisdictions are issued, ensure that direct instructions for the dispatch of SEM Generation are issued**

in each case:

 - (a) in ascending order of relevant prices; and
 - (b) as will in aggregate (and after taking account of electricity delivered to or from the All-Island Transmission Networks from or to other sources) be sufficient to match at all times (to the extent possible having regard to the availability of SEM Generation) demand forecast on the All-Island Transmission Networks taking account of information provided by electricity undertakings and ~~Northern Ireland~~ by authorised Electricity Undertakings operators, together with an appropriate margin of reserve.
5. The factors referred to in paragraph 4 are:

- (a) forecast demand;
- (b) technical constraints from time to time imposed on the All-Island Networks or any part or parts thereof, ~~including those imposed by virtue of the Licensee's statutory duty to operate a secure and reliable system in real time within the Republic of Ireland;~~
- (c) the dynamic operating characteristics of SEM Generation;
- (d) forecast exports of electricity across any Interconnector;
- (e) transmission and distribution losses;
- (f) the Transmission System Security and Planning Standards and the equivalent document published by the Northern Ireland System Operator; and
- (g) other matters provided for in the Grid Code and the Northern Ireland Grid Code including in each case any arrangements for the dispatch of renewable generators.

~~[Preferential dispatch for renewable generators to be further considered]~~

6. The Licensee shall provide to the Commission such information as the Commission shall request concerning the merit order system or any aspect of its operation.

7. In this Condition:

"available", in relation to any generation ~~sets~~units or Interconnector transfer, means a generation ~~set~~unit or Interconnector transfer which is available in accordance with the Grid Code and the Northern Ireland Grid Code (as applicable) and **"availability"** shall be construed accordingly;

"central dispatch" means the process of scheduling and issuing direct instructions by the Licensee, in conjunction with the Northern Ireland System Operator, as referred to in paragraph 1;

"Interconnector transfer" means the flow of ~~energy~~electricity across an Interconnector into and out of the Island of Ireland;

"merit order system" means a system establishing economic precedence of electricity from available generation ~~sets~~units or Interconnector transfers to be delivered or transferred to the All-Island Transmission Networks (subject to other system needs);

~~"Northern Ireland Interconnector" means electric lines and electric plant and meters used solely for conveying electricity directly to or from a substation or converter station in Northern Ireland into or out of Northern Ireland, but excluding the North/South Circuits;~~

"Northern Ireland SEM Generation" means:

- (a) the available generation ~~sets~~units of each relevant generator in Northern Ireland which:
 - (i) are required to be subject to central dispatch instructions under the terms of any exemption granted under Article 9 of the Electricity (Northern Ireland) Order 1992 or any licence granted under Article 10 of the Electricity (Northern Ireland) Order 1992; or
 - (ii) are otherwise agreed by that relevant generator to be subject to central dispatch;

"relevant generator" means:

- (a) a holder of a licence under Article 10(1)(a) of the Electricity (Northern Ireland) Order 1992; or
- (b) a person who is exempt from the requirement to hold such a licence in accordance with Article 9 of the Electricity (Northern Ireland) Order 1992 and whose generation ~~set~~units is connected to the total system;

~~“Republic of Ireland Generator” means a person licensed to generate electricity under section 14(1)(a) of the Act or the Board acting in its capacity as the owner or operator of generation units;~~

“**relevant price**” means in relation to each generation unit ~~[subject to central dispatch] [and each Interconnector transfer]~~ the price submitted respect of that generation unit or Interconnector transfer in accordance with the ~~Grid Code or the Northern Ireland Grid Code as the case may be~~Single Electricity Market Trading and Settlement Code;

“**ROI SEM Generation**” means the available generation units of each ~~Republic of Ireland~~ Generator which:

- (a) are required to be subject to central dispatch under the terms of any licence granted under Section 14(1) of the Act as amended; or
- (b) are otherwise agreed by any such generator to be subjected to such central ~~and~~ dispatch.

“**SEM Generation**” means ROI SEM Generation and Northern Ireland SEM Generation and available Interconnector transfers taken together;

“**total system**” shall have the meaning given thereto in the licence held by Northern Ireland System Operator in that capacity.

Condition 11 Economic Procurement of Assets, Services and Ancillary Services

1. The Licensee shall procure such assets and services, and such quantities and types of Ancillary Services as may be necessary and appropriate to enable the Licensee to discharge its obligations under the Act, SI 445 of 2000, SI 60 of 2005 and this Licence.
2. In procuring assets, services and Ancillary Services pursuant to paragraph 1, without prejudice to the Infrastructure Agreement and System Operator Agreement, the Licensee shall procure such assets, services and Ancillary Services from the most economical sources available to it having regard to the quantity and nature of the assets, services and Ancillary Services required to enable it to discharge its obligations under the Act, SI 445 of 2000, SI 60 of 2005 and this Licence and to the diversity, number, timeliness of delivery and reliability of such assets, services and Ancillary Services. Where appropriate, taking into account the quantity, nature and cost of ~~the assets, services and Ancillary Services in question~~, the Licensee shall make arrangements for such contracting in co-operation with the Northern Ireland System Operator.
3. This Condition shall not extend to prescribing the manner or circumstances in which the Licensee shall at any time call for the delivery of assets and services under any contract or arrangement entered into pursuant to paragraph 1.
4. Any provision of assets or services to the Licensee by any affiliate, related undertaking or any Separate Business of the Licensee shall be on arms-length terms.
5. Any provision of assets or services by the Licensee to any affiliate, related undertaking or any Separate Business of the Licensee shall be on arms-length terms.
6. In contracting for the provision of assets, services and Ancillary Services pursuant to this Condition, the Licensee shall purchase or otherwise acquire such assets, services and Ancillary Services in accordance with a procedure which shall, to the extent and in such manner as may, from time to time, be specified in directions issued by the Commission for the purpose of this paragraph, be published by the Licensee.

Condition 12 Relevant Assets

1. The Licensee shall prepare and maintain a register of all relevant assets in a form as specified by the Commission from time to time. The Licensee shall provide the Commission with such a register no later than six months after this Licence has come into force and shall provide the Commission with such a register annually.
2. The Licensee shall not dispose of, or relinquish operational control over any relevant asset if the disposal or relinquishment of control would adversely affect its ability to discharge its obligations under the Act, SI 445 of 2000, SI 60 of 2005, or the carrying on of activities authorised or required by this Licence, and any question arising under this Condition shall be determined by the Commission.
3. The Commission shall issue directions from time to time requiring the Licensee to give prior written notification to the Commission of proposed disposals of relevant assets of a specified description and these directions may include a direction that certain categories of such disposals may not take place until either the Commission has expressly agreed to them or a specified time period has elapsed.
4. The Licensee shall not dispose of, or relinquish operational control over any relevant asset if the disposal or relinquishment of control would adversely affect the ability of the Market Operator Licensee, Northern Ireland Market Operator Licensee, or Northern Ireland System Operator to discharge their respective obligations under applicable laws or regulations or the carrying on of activities authorised or required by this Licence, the equivalent licence held by Northern Ireland System Operator or the market operator licence held by the Market Operator Licensee or Northern Ireland Market Operator Licensee, and any question arising under this Condition shall be determined by the Commission.

5. In this Condition:

"**disposal**" includes any sale, assignment, gift, lease, licence, transfer, mortgage, charge, restriction on use (whether physical or legal), or the grant of any other encumbrance or the permitting of any encumbrance to subsist or any other disposition to a third party and "**dispose**" shall be construed accordingly;

"**relevant asset**" means:

- (a) ~~(a)~~ any material transmission system equipment used by the Licensee in the discharge of its functions under this Licence but excluding equipment owned by the Transmission System Owner; and
- (b) ~~(b)~~ any control centre for use in conjunction with the transmission system; and
- (c) ~~(c)~~ any legal or beneficial interest which can be considered material in land and/or premises upon which any of the foregoing is situate and/or used by the Licensee in the discharge of its functions under this Licence.

6. Any question arising as to the materiality of relevant assets shall be determined by the Commission for the purposes of this Condition.

Condition 13 Additional Use or Disposal of Relevant Assets

1. If any or all of the relevant assets are being used or disposed of, or if any or all of the relevant assets are proposed to be used or disposed of by the Licensee (or any Separate Business of the Licensee) for interests other than or in addition to discharging the functions of the transmission system operator, the Licensee shall, as soon as is practicable after the date of issue of this Licence, notify the Commission in writing of same and provide the Commission with such information as the Commission may require in relation to such usage or disposal.
2. The Commission shall issue directions from time to time requiring the Licensee to give prior written notification to the Commission of proposed additional uses or disposals of relevant assets of a specified description and these directions may include a direction that certain categories of such disposals may not take place until either the Commission has expressly agreed to them or a specified time period has elapsed.
3. In this Condition:

 “**disposal**” has the meaning as defined in Condition 12 and “**disposed**” shall be construed accordingly;

 “**relevant assets**” has the meaning as defined in Condition 12.
4. Any question arising as to the materiality of relevant assets shall be determined by the Commission for the purposes of this Condition.

Condition 14 Detection and Prevention of Theft of Electricity

1. In respect to the transmission system, the Licensee shall (and shall ensure that its agents) take all reasonable steps to detect and prevent:
 - (a) the theft of electricity;
 - (b) damage to any electrical plant, electric line and Metering Equipment; and
 - (c) interference with any Metering Equipment.
2. Where the Licensee has reason to believe that:
 - (a) the theft of electricity is taking place or has taken place; or
 - (b) there has been interference with the Metering Equipment to alter its register or prevent it from duly registering the quantity of electricity supplied or produced;

the Licensee shall, as soon as reasonably practicable, inform the affected Supplier of the incident in question.

3. In this Condition:

“theft of electricity” means the dishonest use, waste or diversion of electricity, within the meaning of Section 15 of the Energy (Miscellaneous Provisions) Act, 1995.

Condition 15 Transmission System Security and Planning Standards

1. The Licensee shall, following consultation with the Distribution System Operator and with the Transmission System Owner and with Northern Ireland System Operator, no later than such period after this Licence has come into force as the Commission shall direct establish standards for transmission system security and planning and shall prepare a document entitled "**Transmission System Security and Planning Standards** " which shall embody such standards subject to the approval of the Commission.
2. The Licensee shall be responsible for operating, ensuring the maintenance of and, if necessary, developing the transmission system in accordance with the Transmission System Security and Planning Standards.
3. The Licensee shall, in consultation with the Distribution System Operator and with the Transmission System Owner and with Northern Ireland System Operator, periodically review (including at the request of the Commission) the Transmission System Security and Planning Standards and their implementation. Following any such review, the Licensee shall send to the Commission:
 - (a) a report of the outcome of such review; and
 - (b) any revisions which it proposes to make to the Transmission System Security and Planning Standards (having regard to the outcome of the review); and

Revisions to the Transmission System Security and Planning Standards proposed by the Licensee shall be subject to the approval of the Commission.

4. The Commission may issue directions requiring the Licensee to revise the Transmission System Security and Planning Standards in such manner as may be specified in the directions, and the Licensee shall comply with such directions.
5. The Transmission System Security and Planning Standards shall be reviewed in the manner provided for in paragraphs 3 no later than twelve months after the date of first approval by the Commission of such standards. Such review period may be extended by the Commission in directions issued to the Licensee for the purposes of this Condition.
6. The Licensee shall publish and make the Transmission System Security and Planning Standards available on the Licensee's web-site.
7. The Licensee may seek a derogation relieving the Licensee of its obligations under paragraph 2 in respect of parts of the Transmission System Security and Planning Standards and the Commission may issue directions relieving the Licensee of its obligations under paragraph 2 above in respect of such parts of the Transmission System Security and Planning Standards, to such extent as may be specified in those directions.

[Note: It is intended that the system will be planned on an All-Island basis. The manner in which this is done is under review and this Condition will need to be updated to reflect these all island arrangements once the details of the way in which the all-island process will be implemented are fully developed-Island basis. There will be a separate consultation, which will include amendments to this licence condition, in due course.]

Condition 16 Operating Security Standard

1. The Licensee shall, no later than such period after this Licence comes into force as the Commission shall direct, establish standards for ensuring day to day operating security and shall prepare a document entitled the "**Operating Security Standards**" which shall embody such standards.
2. The Licensee shall be responsible for operating the transmission system in accordance with the Operating Security Standards.
3. The Operating Security Standards shall be subject to the approval of the Commission.
4. The Licensee shall periodically review (including at the request of the Commission) the Operating Security Standards and their implementation to assess whether it continues to be an appropriate standard to which the transmission system should be operated having regard to the aims set out in Condition 1, paragraph 8. Following any such review, the Licensee shall send to the Commission:
 - (a) a report of the outcome of such review; and
 - (b) any revisions which it proposes to make to the Operating Security Standards (having regard to the outcome of the review); and

Revisions to the Operating Security Standards proposed by the Licensee shall be subject to the approval of the Commission.

5. The Commission may issue directions requiring the Licensee to revise the Operating Security Standards in such manner as may be specified in the directions, and the Licensee shall forthwith comply with such directions.
6. The Operating Security Standards shall be reviewed in the manner provided for in paragraphs 4 not later than twelve months after the date of first approval by the Commission of such standards. Such review may be extended by the Commission in directions issued to the Licensee for the purposes of this Condition.
7. The Licensee shall publish and make the Operating Security Standards available on the Licensee's web-site.

Condition 17 Duty of Non-Discrimination

1. In the carrying out of its functions under this Licence, the Licensee shall not discriminate unfairly between persons or classes of persons, or between system users or classes of system users, particularly in favour of its subsidiaries, associated or affiliated undertakings, joint ventures or shareholders.
2. The Licensee shall establish a compliance programme on the measures taken to ensure that discriminatory conduct by it or its employees is prevented, which shall include specific obligations imposed on its employees to prevent discrimination.
3. The Licensee shall report to the Commission at intervals of not more than one year, in such form as the Commission determines, specifying the measures taken and the level of compliance in relation to paragraph 2. The report shall be published by the Licensee in such manner as shall be determined by the Commission.

Condition 18 Performance of the Transmission System Operation Business

1. The Licensee shall, no later than such period after this Licence comes into force as the Commission shall direct, submit to the Commission for approval a report setting out the performance criteria against which the performance of the transmission system may be measured.
2. The Licensee shall conduct the Transmission System Operation Business in the manner, which it reasonably considers to be best calculated to achieve any and all standards and/or targets of performance as may be determined by the Commission from time to time.
3. The Licensee shall, periodically review (including at the request of the Commission) the performance criteria. Following any such review, the Licensee shall send to the Commission:
 - (a) a report of the outcome of such review; and
 - (b) any revisions which it proposes to make to the performance criteria (having regard to the outcome of the review).

Revisions to the performance criteria proposed by the Licensee shall be subject to the approval of the Commission.

4. The Licensee in discharging its functions shall take into account the objective of minimising the overall costs to final customers pursuant to Regulation {8(3)} of SI 445 of 2000.
5. The Licensee shall report annually on the performance of the Transmission System Operation Business using the criteria specified in paragraph 1.
6. The performance criteria specified in paragraph 1 as approved by the Commission and the report on performance specified in paragraph 5 shall be published and made available on the Licensee's web-site.

Condition 19 Access to Land and/or Premises

1. The Licensee shall, no later than three months after this Licence comes into force, prepare and submit to the Commission for its approval a code of practice setting out the principles and procedures that the Licensee will follow in respect of any person acting on its behalf who requires access to land and/or premises.
2. The code of practice shall include procedures calculated to ensure that persons visiting land and/or premises on behalf of the Licensee:
 - (a) possess the skills necessary to perform the required duties; and
 - (b) are readily identifiable to members of the public; and
 - (c) are appropriate persons to visit and enter land.
3. The Licensee shall periodically review (including at the request of the Commission) this code of practice and any revision of such code of practice shall be subject to the approval of the Commission.
4. The Licensee shall ensure that it complies with the code or any revisions to the code as approved by the Commission from time to time.

Condition 20 Prohibited Activities

1. The Licensee shall not and shall procure that any affiliate or related undertaking of the Licensee shall not, on behalf of the Licensee, engage in the generation, distribution or supply of electricity on the Island of Ireland.
2. The Licensee shall notify the Commission of any interests the Licensee has in any other electricity undertaking forthwith, outside of the Island of Ireland, directly or indirectly acquired. The Licensee shall provide not less than two months prior written notification to the Commission of an interests in any other electricity undertakings that the Licensee intends to, directly or indirectly, acquire.

Condition 21 Restriction on Use of Certain Information

1. The Licensee shall preserve the confidentiality of commercially sensitive information held and/or obtained by it in the discharge of its functions as transmission system operator in accordance with SI 445 of 2000, SI 60 of 2005, the Act, the System Operator Agreement, the Infrastructure Agreement and this Licence.
2. The Licensee shall prevent information about its own activities which may be commercially advantageous being disclosed in a discriminatory manner.
3. The Licensee shall implement such measures and procedures and take all such other steps as it shall reasonably consider and/or shall be specified in directions issued by the Commission from time to time to be necessary for the purpose of securing compliance by the Licensee with its obligations under paragraph 1.
4. The Licensee shall ensure that confidential information is only disclosed to authorised recipients, classes of authorised recipients or authorised advisors.
5. Paragraphs 1, 2 and 4 shall not apply to:
 - (a) any confidential information which, before or after it is furnished to the Licensee's employees, is in the public domain; or
 - (b) the disclosure of any confidential information:
 - (i) in compliance with the duties of the Licensee under the Act, SI 445 of 2000, SI 60 of 2005, the System Operator Agreement the Infrastructure Agreement or any other requirement of a competent authority; or
 - (ii) in compliance with the Conditions granted in this Licence or any document referred to in this Licence with which the Licensee is required by virtue of the Act, SI 445 of 2000, SI 60 of ~~2005~~, 2005, the System Operator Agreement, the Infrastructure Agreement or this Licence to comply; or
 - (iii) in compliance with any other requirement of law; or
 - (iv) pursuant to any judicial or other arbitral process or tribunal of competent jurisdiction; or
 - (c) any confidential information to the extent that the Licensee is expressly permitted or required to disclose that information under the terms of any agreement or arrangement (including the Grid Code, the Distribution Code, the Metering Code and the Single Electricity Market Trading and Settlement Code) with the relevant person to whose affairs such confidential information relates.
6. Without prejudice to the other provisions of this Condition, the Licensee shall procure that any additional copies made of the confidential information, whether in hard copy or computerised form, will clearly identify the confidential information as confidential.
7. The Licensee shall take all reasonable measures to prevent (so far as the Licensee can so require) any person who is or ceases to be employed by the Licensee, whether that person is or was employed part-time or full time in the Transmission System Operation Business, from disclosing confidential information.
8. The Licensee shall take all reasonable steps to ensure that every authorised adviser, consultant, director or member of staff to whom the Licensee discloses confidential information does not use that confidential information for any purpose other than that for which it was provided and does not disclose that confidential information otherwise than in accordance with

the provisions of this Condition and pursuant to Regulation [49] (Prohibition on unauthorised disclosure of information) of SI 445 of 2000.

9. This Condition is without prejudice to the duties at law of the Licensee towards outside persons.

10. In this Condition:

"authorised adviser" means such professional advisers of the Licensee, engaged and acting in that capacity, as require access to any confidential information;

"authorised recipient" means, in relation to any confidential information, any employee who, before the confidential information had been divulged to him by the Licensee, had been informed of the nature and effect of this Condition and who requires access to such confidential information for the proper performance of his duties as an employee in the course of permitted activities;

"confidential information" means any commercially sensitive information held and/or obtained by the Licensee in the discharge of its functions as Transmission System Operator under the Act, SI 445 of 2000, SI 60 of 2005, ~~SEM legislation~~, the Single Market Regulations, the System Operator Agreement, the Infrastructure Agreement and this Licence.

"commercially sensitive information" means any matter the disclosure of which would materially prejudice the interests of any person.

"permitted activities" means the activities directly connected with the discharge by the Licensee of its functions as System Operator pursuant to this Licence.

Condition 22 Separate Accounts for Separate Businesses

1. The Licensee shall prepare annual accounts in accordance with Regulation {27} (Unbundling of accounts of electricity undertakings) of SI 445 of 2000 and shall deliver to the Commission a copy of the annual audited accounts so prepared as soon as reasonably practicable, and in any event no later than ~~three~~four months after the end of the period to which the accounts relate.
2. Without prejudice to paragraph 1, the Licensee shall, in its internal accounting, keep or cause to be kept accounts for the Transmission System Operator's Business as a whole which when requested from time to time by the Commission, must be delivered to the Commission in the form and at the times specified by the Commission. The accounts shall be in accordance with such regulatory accounting guidelines as may be issued by the Commission from time to time. The accounts shall also be in accordance with any and all directions as are reasonable and appropriate for the purposes of this Condition as the Commission may, from time to time, notify to the Licensee.
3. The regulatory accounting guidelines or directions notified by the Commission to the Licensee under paragraph 2 may, inter alia:
 - (a) specify the form of the accounting statements/records, including but not limited to, profit and loss accounts, balance sheets, recognised gains and losses statements, cash flow statements and statements of the amounts of any revenues, costs, assets, liabilities, reserves or provisions which have been either charged from or to any other business or determined by allocation or apportionment between the consolidated Transmission System Operator's Business and any other business.
 - (b) specify the nature and content of the accounting statements/records, including information on specified types of revenue, cost, asset or liability and information on the revenues, costs, assets and liabilities attributable to specified activities.
 - (c) require any reconciliation that may be required with the annual accounts of the Licensee prepared under the Companies Acts, 1963 to ~~2005~~2001.
 - (d) specify the accounting principles (including the basis for the allocation of costs) and the bases of valuation to be used in preparing accounting statements/records.
4. The Licensee shall not, in relation to the accounting statements in respect of a financial year, change the basis of charge, apportionment or allocation from those applied in respect of the previous financial year, unless the Commission shall previously have issued directions for the purposes of this Condition directing the Licensee to change such basis in a manner set out in the directions or the Commission gives its prior written approval to the change in such basis.
5. The Licensee shall comply with any directions issued by the Commission for the purposes of this Condition.

Condition 23 Prohibition of Subsidies and Cross-subsidies

1. The Licensee shall procure that the Transmission System ~~Operator's~~Operation Business shall not give any subsidy or cross-subsidy (direct or indirect) to any Separate Business of the Licensee and/or any affiliate or related undertaking of the Licensee.
2. For the purposes of this Condition, the Commission shall determine whether or not subsidisation or cross-subsidisation is taking place. Where the Commission determines that a subsidy or cross-subsidy is taking place, the Commission may issue a direction to that effect and require the cessation of same.
3. Nothing which the Licensee is obliged or permitted to do or not do pursuant to this Licence shall be regarded as a subsidy or cross-subsidy for the purposes of this Condition.

Condition 24 Payment of Levy

1. The Licensee shall pay to the Commission any amounts specified in, or determined under, a Levy Order, in accordance with the provisions of such Levy Order.
2. In this Condition:

"**Levy Order**" means an Order made by the Commission under paragraph 16 of the Schedule to the Act.

Condition 25 Public Service Obligation

The Licensee shall comply with any public service obligation imposed on it by the Commission pursuant to Section 39 (Public service obligations) of the Act.

Condition 26 Provision of Information

1. The Licensee shall furnish to all those using and seeking to use the transmission system, the information they need, on a timely basis, for efficient access to the transmission system.
2. The Licensee shall furnish to other interconnected system operators, in such manner and at such times as may be reasonably required, such information as may reasonably be required by other system operators in order to ensure the secure and efficient operation, co-ordinated development and inter-operability of the interconnected systems.
3. The Licensee shall furnish to the Distribution System Operator, in such manner and at such times as may be reasonably required, such information as may reasonably be required by the Distribution System Operator in order to ensure the secure and efficient operation, co-ordinated development and inter-operability of the transmission and distribution systems.
4. The Licensee shall furnish to the Transmission System Owner, in such manner and at such times as may be reasonably required, such information as may be reasonably required by the Transmission System Owner in order for it to carry out its licensed activities under SI 445 ~~and SEM legislation~~, 445, the Act and the Infrastructure Agreement.
5. The Licensee shall furnish to the Market Operator Licensee, in such manner and at such times as may be reasonably required, such information as may be reasonably required by the Market Operator Licensee in order for it to carry out its licensed activities under SI 445 of 2000, SI 60 of 2006, ~~SEM legislation~~ the Act, ~~the Act and Single Electricity Market Trading and Settlement Code~~ and the market operator licence held by the Market Operator Licensee.
6. For the purposes of this Condition, the Commission shall decide on any difference or dispute between the Licensee and any other party and the Commission shall issue a direction regarding its decision, as it sees fit, regarding the matter in dispute and the Licensee shall comply with such direction.

Condition 27 Provision of Information to the Commission

1. The Licensee shall procure and furnish to the Commission, in such form and at such times as the Commission may require, such information as the Commission may consider relevant in the light of the Conditions of this Licence or as it may require for the purpose of performing the functions assigned or transferred to it by or under the Act [~~SEM legislation,~~ SI 445 of 2000 ~~or 2000~~, SI 60 of ~~2005~~ **2005 or the Single Market Regulations**.
2. The power of the Commission to call for information under paragraph 1 is without prejudice to the power of the Commission to call for information under or pursuant to any other Condition of this Licence or under or pursuant to the Act [~~SEM legislation,~~ SI 445 of 2000 or SI 60 of 2005.
3. In this Condition "**information**" means oral or written and shall include, without limitation, any books, documents, records, accounts (statutory or otherwise), estimates, returns or reports of any description (whether or not in electronic or any other format, or prepared specifically at the request of the Commission) requested by the Commission and any explanations (oral or written) in relation to such information as may be requested by the Commission.
4. The information shall be to a level of audit as may be required by the Commission from time to time.
5. This information may include (without limitation):
 - (a) Demand forecasts;
 - (b) Consumption details;
 - (c) System Demand profiles.
6. The Commission may publish any information provided to the Commission under this Licence. In exercising its discretion under this Condition, the Commission shall have regard to the need to protect confidential information.

Condition 28 Code of Conduct

1. In accordance with Regulation {57} of SI 445 of 2000, the Licensee shall prepare a code of conduct, for approval by the Commission, which shall apply to every director and to every person employed by EirGrid under a contract of employment.
2. The Licensee shall ensure that the code of conduct be included as part of every contract of employment with EirGrid.

Condition 29 Grid Code

1. The Licensee, in consultation with electricity undertakings and Northern Ireland System Operator, to the extent such persons are liable to be materially affected thereby, shall adopt and at all times have in force and shall implement and comply with a Grid Code in accordance with the provisions of Section {33} (Preparation of a Grid Code and a Distribution Code) of the Act.
2. The Licensee shall comply with all directions given by the Commission in relation to the Grid Code.
3. The Grid Code shall, in respect of the transmission system, be designed so as to:
 - (a) permit the development, maintenance and operation of an efficient, co-ordinated and economical system for the transmission of electricity in Ireland as part of efficient, co-ordinated and economical systems for the transmission of electricity on the Island of Ireland;
 - (b) facilitate the transmission system being made available to persons authorised to supply or generate electricity in Ireland, on terms which neither prevent nor restrict competition in the supply or generation of electricity on the Island of Ireland; and
 - (c) subject to sub-paragraphs (i) and (ii), promote the security and efficiency of the electricity generation, transmission and distribution system in Ireland as a whole.

Condition 30 Distribution Code

1. The Licensee shall comply with the provisions of the Distribution Code, insofar as applicable to it.

Condition 31 Compliance with Laws and Directions

1. The Licensee shall comply with the Act, ~~[SEM legislation]~~**the Single Market Regulations**, SI 445 of 2000, SI 60 of 2005, the Infrastructure Agreement, the System Operator Agreement and the Conditions of this Licence and all relevant EU laws.
2. For the purposes of ~~[SEM legislation]~~**the Single Market Regulations**, SI 445 of 2000, SI 60 of 2005, the Act, the Infrastructure Agreement, this Licence and/or the Transmission System Owner's licence, the Commission shall issue a direction on any dispute between the Transmission System Operator and the Transmission System Owner and the Licensee shall comply with such direction.
3. The Licensee shall comply with any requirements, directions or determinations made by the Commission pursuant to the Act, ~~[SEM legislation]~~**the Single Market Regulations**, SI 445 of 2000, SI 60 of 2005, the System Operator Agreement, the Infrastructure Agreement or this Licence.
4. Any costs associated with compliance with this Condition shall be the responsibility of the Licensee.
5. The Licensee shall monitor and keep a record of its compliance with this Licence.

Condition 32 Environment

1. The Licensee shall comply with all applicable European Union and Irish Environmental Laws whether in force at the date hereof or in the future and also with any direction given to it from time to time by the Commission in pursuance to the Commission's duty under Section {9(5)(a)} of the Act to take account of the protection of the environment.
2. The Licensee shall, not later than such date as the Commission may specify and in consultation with the Commission, prepare and from time to time modify a written policy setting out the manner in which the Licensee proposes to comply with its duties and obligations under all applicable European Union and Irish Environmental Laws and any direction issued to it under this Condition.
3. The Licensee shall report annually to the Commission on its environmental performance in such form and at such times as the Commission may specify.
4. For the purposes of this Licence, "**Environmental Laws** " means those laws which are from time to time in force whose purpose is the protection of the environment including the protection of human health, flora, fauna and the eco-systems on which they depend, and for the avoidance of doubt shall include but shall not be limited to the Environmental Protection Agency Act, 1992, the Waste Management Act, 1996, ~~the Protection of the Environment Act 2003~~1996 and all relevant legislation relating to the assessment of environmental impacts, and the protection of air, land and water.

Condition 33 Health and Safety

1. The Licensee shall take all reasonable steps to protect persons and property from injury and damage that may be caused by the Licensee when carrying out the Transmission System Operation Business.
2. The Licensee shall ensure that a technical and safety audit is undertaken in respect of the transmission system annually by an independent expert whose appointment is approved by the Commission.
3. The Licensee shall provide the results of such audits carried out in a timely manner to the Commission.

Document comparison done by DeltaView on 04 April 2007 18:14:22

Input:	
Document 1	interwovenSite://MOPDMS/MOPDUBLIN/3831274/10
Document 2	interwovenSite://MOPDMS/MOPDUBLIN/3831274/14
Rendering set	MOPSTYLE 4 - BOLD, DOUBLE UNDERLINE, STRIKETHROUGH

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	182
Deletions	260
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	452