



**TRANSITIONAL CHANGES TO LICENCES
IN
IRELAND AND NORTHERN IRELAND**

CONSULTATION PAPER

**For the purposes of introducing the SEM in Ireland
and the SEM and EU Directive changes in Northern
Ireland**

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1 Introduction

The Single Electricity Market (SEM) will be a single wholesale electricity market on the island of Ireland, bringing about significant changes to the electricity trading arrangements and associated regulatory, transmission and other ancillary arrangements in Northern Ireland and Ireland. Furthermore, in Northern Ireland a number of changes are being proposed as part of the implementation of EU Directive 2003/54/EC (the Directive). In order to prepare for the implementation of the SEM and the Directive, existing licences will need to be amended and some new licences will be introduced. It is further recognised that there is a requirement for some transitional obligations to be included in the licences requiring market participants to prepare for SEM Go-Live (which is defined to include Directive go-live as well insofar as it relates to Northern Ireland). This paper sets out the proposed transitional licence obligations.

2 General Transitional Approach

All affected electricity licences in the two jurisdictions will be issued or amended at SEM Go Active. It is expected that with the exception of the MO Licence conditions (which be completely switched on at Go-Active) the majority of the enduring licence related conditions will be switched off until Go Live. The enduring conditions required from Go Active, including the requirement to accede to the Trading and Settlement Code and the transitional elements of these licences will be switched on at Go Active

2.1 Ireland - Transitional Approach

In Ireland, all existing licences will be amended in two stages. Stage one will take effect from Go-Active when licensees will be operating under their existing licences, with the addition of transition-specific conditions requiring them to generally do what is within their power to give full and timely effect to the SEM arrangements along with some enduring conditions that are considered necessary pre-Go Live. The second stage is when the licences are further amended with effect from Go-Live (or immediately prior thereto) to give effect to the enduring SEM licence conditions. The RAs consider this two-stage approach will provide regulatory certainty for licensees as well as the least risk during the Go-Active phase.

CER will issue separate consultation papers on the enduring changes to the Generation and Supply licences in Ireland. The consultation paper for the enduring amendments to the Generation licences will be published on the 4th May 2007. The consultation paper for the enduring amendments to Supply licences will be published on the 7th May 2007.

2.2 Northern Ireland – Transitional Approach

In Northern Ireland, changes to electricity licences are being made for the purposes of implementing the SEM and the Directive. Amendments will be made to electricity licences at Go Active. This assumes that the SEM Operator (MO) licence and the licence to participate in transmission for the system operator will be granted by Go Active. A separate process for granting these licences is being followed by DETI. The general approach in Northern Ireland will be to amend electricity licences at Go-Active to include both the new enduring conditions and the transitional conditions. In general, the transitional conditions will be switched on and the majority of enduring conditions switched off, save those that are required during the transitional period. The current licence conditions in Northern Ireland will remain largely active until SEM Go Live. The application of this approach can be summarised as follows.

- It is subject to the introduction of the further changes for the purposes of implementing the Directive as set out in DETI's recent consultation on this matter (it is understood that DETI's consultation on these issues will be published on 4th May 2007). ,
- As noted above, it is also subject to licences for the SEM Operator and participation in transmission (as SO) licences being granted from Go-Active
- The enduring SEM/Directive compliant conditions of all electricity licences will be incorporated into licences at Go Active (this includes SEM Operator, licences to participate in transmission, generation and supply). At Go Active these will mostly be switched off (although certain specific conditions and the MO conditions in general are an exception to this).
- The transitional conditions for electricity licences will also be incorporated into licences at Go-Active.
- NIE Energy will not hold a separate licence at Go-Active, but instead obligations on NIE Energy will be incorporated into NIE's PES Supply licence in the transitional period.
- It should be noted that further consultation on the NIE PES Supply Licence is being prepared and further licence amendments and transitional conditions may be identified as a result of that process.
- At Go-Live the NIE PES Supply licence will be converted to a supply licence and assigned to NIE Energy.

A number of changes to the proposed enduring conditions of electricity licences continue to be progressed as part of the overall consultation process for implementation of the SEM/Directive in Northern Ireland. The transitional proposals in this document remain subject to further changes as a consequence of the results of these ongoing consultations. It is noted that in a small number of instances, in discussing the transitional licence conditions in this document, the enduring conditions of the licence to which they refer do not necessarily map directly onto the latest consultation version of the enduring licences. This is because at the time of developing the transitional conditions, the RAs have used their best view of the likely licence conditions that should apply in electricity licences.

In some cases, conclusions and/or subsequent consultations reflecting these proposed enduring arrangements have not yet been published. Nevertheless, the number of instances in which this arises is small, and it is proposed that where subsequent enduring consultations propose conditions that deviate from the assumed conditions in this consultation, these subsequent consultations will also set out the additional associated transitional amendments.

2.3 General Transition Conditions

Sections 4 and 5 contain draft transition conditions for licences in both jurisdictions. The conditions are set out in a consistent manner, but with specific changes to recognise the different legislative backgrounds extant in the two jurisdictions as well as the differing run off requirements.

Condition A of the draft transition conditions provides a means of switching on various transition conditions at various times and just as importantly of deleting those conditions that cease to be relevant.

Condition B of the draft transition conditions provides a general set of transition arrangements. Paragraph 1 contains a general obligation for licensees to do all reasonable things within their power to give full and timely effect to the SEM/Directive arrangements. Paragraph 2 requires licensees to co-operate with each other and across jurisdictions. Paragraphs 3, 4 and 5 are concerned with the directions that the CER and the Authority can make. Paragraph 6 (and 7 of the NI Condition) relate(s) to how such directions will be made. The succeeding paragraphs set out obligations on licensees not to frustrate the implementation of the SEM/Directive, the way in which any identified conflict between the transition condition and any other condition or direction is to be dealt with, and lastly the information that may be required of the licensee at the behest of the RAs.

Condition C of the draft transition conditions sets out licence specific matters that are in the opinion of the RAs essential for the full and timely implementation of the SEM/Directive arrangements.

Condition D of the draft transition conditions addresses the general set of run off conditions to be applied in each jurisdiction.

Condition E of the draft transition conditions sets out any licence specific matters that are in the opinion of the RAs essential for the full and timely run off of the legacy arrangements.

3 Views

The RAs welcome comments on any of the matters covered in this paper. All responses, except those marked confidential, will be published on the AIP website. Respondents should try to confine any confidential material in their responses to appendices. The RAs prefer to receive responses in an electronic form so they can easily be placed on the AIP website. Responses should be sent by Friday, 1st June to Clive Bowers.

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4 Ireland Licences

4.1 Market Operator Licence

4.1.1 Conditions and Timings

It is proposed that the Market Operator licence in Ireland will be granted at Go-Active. The final version of the licence to apply from Go Active will include the final transitional conditions as concluded from this consultation.

The majority of the enduring conditions will also be applicable from Go Active. The following table sets out the timings of the effective dates of the enduring provisions:

No.	Condition	Effective Date	Comment
1	Interpretation and Construction	Go-Active	
2	Market Operator Agreement	Go-Active	Provided the MOA is published on the AIME website, the CER does not intend to require the licensee to publish the MOA until Go-Live.
3	Market System and the Single Electricity Market Trading and Settlement Code	Go-Active	The wording in paragraphs 1(e) and 7 will include the words "from Go-Live". The CER does not intend to require the licensee to publish the TSC until Go-Live
4	Market System Development Plan	Go-Live	
5	Procurement of Assets and Services	Go-Active	
6	Relevant Market Assets	Go-Active	
7	Additional Use or Disposal of Relevant Market Assets	Go-Active	
8	System Operator Agreement	Go-Live	
9	Duty of Non-Discrimination	Go-Active	
10	Performance of the Single Market Operation Business	Go-Active	
11	Prohibited Activities	Go-Active	
12	Security Arrangements	Go-Active	
13	Separate Accounts for Separate Business	Go-Active	
14	Prohibition of Cross-subsidies	Go-Active	

15	Provision of Information to the Commission	Go-Active	
16	Code of Conduct	Go-Active	
17	Compliance with Laws and Directions	Go-Active	
18	Environment	Go-Active	
19	Health and Safety	Go-Active	
20	Schedule – Right of Commission to Revoke this Licence	Go-Active	

4.1.2 Draft transition Licence Conditions

Condition A Application of Other Licence Conditions

1. Notwithstanding any other provision of this Licence, the following Conditions shall apply as follows:
 - (a) Conditions B and C shall cease to apply on the date which is [three months after SEM Go-Live] or on such other date as may be specified by the Commission;
 - (b) Condition D shall cease to apply [one day after the date which is six years and one month after SEM Go-Live or on such other date as may be specified by the Commission];
 - (c) Conditions 1-3, 5-7 and 9-20 shall apply from the date on which this Licence is granted; and
 - (d) Conditions 4 and 8 shall apply from SEM Go-Live;
2. Where a Condition ceases to apply in accordance with paragraph 1(a) or 1(b), the Conditions shall automatically be modified by the deletion of that Condition.
3. Once all of the Conditions referred to in paragraphs 1(a) and 1(b) have been deleted in accordance with paragraph 2, the Conditions shall automatically be modified by the deletion of this Condition A (such deletion being without prejudice to the continued application of the Conditions referred to in paragraphs 1(c) and 1(d)).

Condition B Transition Steps (General)

4. The Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to give full and timely effect to:
 - (a) any modifications made (or which the Licensee knows, or should reasonably know, are to be made) to this Licence and to the licences of electricity undertakings in accordance with the Act;
 - (b) the conditions of the licence held by the Transmission System Operator;
 - (c) any conditions imposed (or which the Licensee knows, or should reasonably know, are to be imposed) by any exemption granted pursuant to section 14(2F) of the Act; and
 - (d) the matters envisaged by such modifications and conditions (including, without limitation, the establishment, amendment or termination of rights and obligations under, core industry documents),so that the Licensee is able to comply with such modifications, conditions and matters from the time at which they are effective.
5. Without prejudice to paragraphs 1 and 3, the Licensee shall co-operate with electricity undertakings, Northern Ireland authorised electricity operators, the Transmission System Operator, the Commission and such other persons as the Commission may direct, and shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to enable:
 - (a) such electricity undertakings to comply with their statutory or licence obligations to give full and timely effect to the modifications, conditions and matters referred to in paragraph 1, so that such electricity undertakings are able to comply with such modifications, conditions and matters from the time at which they are effective;

- (b) such electricity undertakings to comply with any directions made by the Commission under the provisions of their licences which are equivalent to paragraph 4; and
 - (c) such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to prepare for the Single Electricity Market.
6. Without prejudice to paragraphs 1 and 2, the Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to comply with directions made from time to time by the Commission in accordance with paragraph 4.
7. The Commission may issue directions to the Licensee setting out the steps (including, without limitation, those referred to in paragraph 5) to be taken or procured by the Licensee which are, in the opinion of the Commission, appropriate in order to:
- (a) give full and timely effect to the modifications, conditions and matters referred to in paragraph 1, so that such electricity undertakings are able to comply with such modifications, conditions and matters from the time at which they are effective; and/or
 - (b) enable Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to prepare for the Single Electricity Market.
8. Directions made by the Commission under paragraph 4 may include, without limitation, requirements relating to the following steps:
- (a) securing or facilitating the amendment or establishment of any of the core industry documents;
 - (b) securing the co-ordinated and effective commencement and implementation of the Single Electricity Market Trading and Settlement Code and operations thereunder (including, without limitation, the testing, trialling and start-up of the systems, processes and procedures employed in such implementation and employed by electricity undertakings and others in connection with such operations); and
 - (c) for the Licensee, an electricity undertaking or a Northern Ireland authorised electricity operator to refer to the Commission for determination disputes regarding the matters referred to in paragraph 1(d) and for the Licensee and electricity undertakings to comply with any such determination.
9. The Commission may, at any time, by a further direction in accordance with paragraph 4, amend or cancel any direction (or part thereof) previously made under paragraph 4.
10. The Licensee shall not take any step, or exercise any right, which is intended to (or which the Licensee should reasonably know is likely to) hinder or frustrate the giving of full and timely effect to:
- (a) the modifications, conditions and matters referred to in paragraph 1, so that such electricity undertakings are able to comply with such modifications, conditions and matters from the time at which they are effective;
 - (b) any directions to electricity undertakings made by the Commission under the provisions of their licences which are equivalent to paragraph 4; or
 - (c) any statutory or licence obligations that require Northern Ireland authorised electricity operators to prepare for the Single Electricity Market.
11. If the Licensee becomes aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 4 and its compliance with any other Condition of this Licence, the Licensee shall forthwith give written notice of such conflict to the Commission. Subject to paragraph 9, and provided the Licensee complies with this paragraph 8, the other Conditions of this Licence shall prevail over this Condition in the event of such conflict.

12. If there is any conflict between a direction made under paragraph 4 and another requirement of this Licence, the provisions of the direction shall prevail.
13. The Licensee shall provide to the Commission, in such manner and at such times as the Commission may reasonably require, such information and shall procure and furnish to it such reports as the Commission may require or deem necessary or appropriate to enable the Commission to monitor the Licensee's compliance with the requirements of this Condition, including (without limitation):
 - (a) information as to the Licensee's readiness concerning the modifications, conditions and matters referred to in paragraph 1; and
 - (b) status reports concerning the matters referred to in paragraph 1(d), and drafts of any legal documents by which such matters are to be achieved.
14. If the Licensee becomes aware of any matter or circumstance which it considers will (or which it should reasonably consider likely to) hinder or frustrate the giving of full and timely effect to the modifications, conditions and matters referred to in paragraph 1, the Licensee shall forthwith inform the Commission of such matter or circumstance.
15. In this Condition:

“core industry documents”

means those documents which:

- (a) are referred to in, or are (or are to be) established or required to be entered into pursuant to, a licence granted under the Act; or
- (b) in the opinion of the Commission, are central industry documents associated with the licensed activities of the Licensee or electricity undertakings and which have been designated as such by the Commission.

Condition C Transition Steps (Specific)

1. The Licensee shall:
 - (a) undertake such testing, trialling and start-up of the systems, processes and procedures to be employed in the Market Operation Activity (including the Single Electricity Market Trading and Settlement System) as is reasonable in the circumstances;
 - (b) co-operate with electricity undertakings and Northern Ireland authorised electricity operators who wish to test and trial systems employed by them in connection with the Single Market Operation Business's systems, processes and procedures (such co-operation to include provision of meter data); and
 - (c) co-operate with, and provide such information as is required by, the Commission in relation to any audit conducted by the Commission

2. In this Condition:

“meter data”

has the meaning given to it in the Single Electricity Market Trading and Settlement Code.

Condition D Run-Off Steps (General)

1. The Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to fully and effectively run-off the pre-SEM arrangements from SEM Go-Live.
2. Without prejudice to paragraphs 1 and 3, the Licensee shall co-operate with electricity undertakings, Northern Ireland authorised electricity operators, the Transmission System Operator, the Commission and such other persons as the Commission may direct, and shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to
 - (a) fully and effectively run-off the pre-SEM arrangements from SEM Go-Live;
 - (b) enable such electricity undertakings to comply with any directions made by the Commission under the provisions of their licences which are equivalent to paragraph 4; and
 - (c) enable such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to run-off the pre-SEM arrangements.
3. Without prejudice to paragraphs 1 and 2, the Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to comply with directions made from time to time by the Commission in accordance with paragraph 4.
4. The Commission may issue directions to the Licensee setting out the steps to be taken or procured by the Licensee which are, in the opinion of the Commission, appropriate in order to fully and effectively run-off the pre-SEM arrangements from SEM Go-Live.
5. The Commission may, at any time, by a further direction in accordance with paragraph 4, amend or cancel any direction (or part thereof) previously made under paragraph 4.
6. The Licensee shall not take any step, or exercise any right, which is intended to (or which the Licensee should reasonably know is likely to) hinder or frustrate the full and effective run-off the pre-SEM arrangements from SEM Go-Live.
7. If the Licensee becomes aware of any conflict between its compliance with the provisions of this Condition and its compliance with any other Condition of this Licence, the Licensee shall forthwith give written notice of such conflict to the Commission. Subject to paragraph 8, and provided the Licensee complies with this paragraph 7, the other Conditions of this Licence shall prevail over this Condition in the event of such conflict.
8. If there is any conflict between a direction made under paragraph 4 and another requirement of this Licence, the provisions of the direction shall prevail.
9. The Licensee shall provide to the Commission, in such manner and at such times as the Commission may reasonably require, such information and shall procure and furnish to it such reports as the Commission may require or deem necessary or appropriate to enable the Commission to monitor the Licensee's compliance with the requirements of this Condition.
10. If the Licensee becomes aware of any matter or circumstance which it considers will (or which it should reasonably consider likely to) hinder or frustrate the full and effective run-off the pre-SEM arrangements from SEM Go-Live, the Licensee shall forthwith inform the Commission of such matter or circumstance.
11. In this Condition:

“pre-SEM arrangements”

means the arrangements relating to the system of trading in electricity and settling electricity imbalances established by the Electricity Regulation

Act 1999 (Trading Arrangements in Electricity) Regulations 2000 (SI 49 of 2000); and

“run-off”

means, in relation to any arrangements, the bringing to an end of those arrangements, which shall include the determination and settlement (including by way of reconciliation) of electricity and payments in connection with periods up to and including the point at which such arrangements are brought to an end.

4.2 Transmission System Operator Licence

4.2.1 Draft Transition Licence Conditions

Condition A Application of Other Licence Conditions

- 1 Notwithstanding any other provision of this Licence, the following Conditions shall apply as follows:
 - (a) Conditions B and C shall cease to apply on the date which is three months after SEM Go-Live or on such other date as may be specified by the Commission;
 - (b) Conditions D and E shall cease to apply one day after the date which is six years and one month after SEM Go-Live or on such other date as may be specified by the Commission;
 - (c) the Conditions set out in [Section 2] shall cease to apply on SEM Go-Live; and
 - (d) the Conditions set out in [Section 3] shall apply from SEM Go-Live;
- 2 Where a Condition ceases to apply in accordance with paragraph 1(a), 1(b) or 1(c), the Conditions shall automatically be modified by the deletion of that Condition.
- 3 Once all of the Conditions referred to in paragraphs 1(a), 1(b) and 1(c) have been deleted in accordance with paragraph 2, the Conditions shall automatically be modified by the deletion of this Condition A (such deletion being without prejudice to the continued application of the Conditions referred to in paragraph 1(d)).

Condition B Transition Steps (General)

- 1 The Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to give full and timely effect to:
 - a. any modifications made (or which the Licensee knows, or should reasonably know, are to be made) to this Licence and to the licences of electricity undertakings in accordance with the Act;
 - b. the conditions of the licence held by the Market Operator Licensee;
 - c. any conditions imposed (or which the Licensee knows, or should reasonably know, are to be imposed) by any exemption granted pursuant to section 14(2F) of the Act; and
 - d. the matters envisaged by such modifications and conditions (including, without limitation, the establishment, amendment or termination of rights and obligations under, core industry documents),

so that the Licensee is able to comply with such modifications, conditions and matters from the time at which they are effective.

- 2 Without prejudice to paragraphs 1 and 3, the Licensee shall co-operate with electricity undertakings, Northern Ireland authorised electricity operators, the Market Operator Licensee, the Commission and such other persons as the Commission may direct, and shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to enable:
 - a. such electricity undertakings to comply with their statutory or licence obligations to give full and timely effect to the modifications, conditions and matters referred to in

- paragraph 1, so that such electricity undertakings are able to comply with such modifications, conditions and matters from the time at which they are effective;
- b. such electricity undertakings to comply with any directions made by the Commission under the provisions of their licences which are equivalent to paragraph 4; and
 - c. such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to prepare for the Single Electricity Market.
- 3 Without prejudice to paragraphs 1 and 2, the Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to comply with directions made from time to time by the Commission in accordance with paragraph 4.
- 4 The Commission may issue directions to the Licensee setting out the steps (including, without limitation, those referred to in paragraph 5) to be taken or procured by the Licensee which are, in the opinion of the Commission, appropriate in order to:
- a. give full and timely effect to the modifications, conditions and matters referred to in paragraph 1, so that such electricity undertakings are able to comply with such modifications, conditions and matters from the time at which they are effective; and/or
 - b. enable Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to prepare for the Single Electricity Market.
- 5 Directions made by the Commission under paragraph 4 may include, without limitation, requirements relating to the following steps:
- a. securing or facilitating the amendment or establishment of any of the core industry documents;
 - b. securing the co-ordinated and effective commencement and implementation of the Single Electricity Market Trading and Settlement Code and operations thereunder (including, without limitation, the testing, trialling and start-up of the systems, processes and procedures employed in such implementation and employed by electricity undertakings and others in connection with such operations); and
 - c. for the Licensee, an electricity undertaking or a Northern Ireland authorised electricity operator to refer to the Commission for determination disputes regarding the matters referred to in paragraph 1(d) and for the Licensee and electricity undertakings to comply with any such determination.
- 6 The Commission may, at any time, by a further direction in accordance with paragraph 4, amend or cancel any direction (or part thereof) previously made under paragraph 4.
- 7 The Licensee shall not take any step, or exercise any right, which is intended to (or which the Licensee should reasonably know is likely to) hinder or frustrate the giving of full and timely effect to:
- a. the modifications, conditions and matters referred to in paragraph 1, so that such electricity undertakings are able to comply with such modifications, conditions and matters from the time at which they are effective;
 - b. any directions to electricity undertakings made by the Commission under the provisions of their licences which are equivalent to paragraph 4; or
 - c. any statutory or licence obligations that require Northern Ireland authorised electricity operators to prepare for the Single Electricity Market.
- 8 If the Licensee becomes aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 4 and its compliance with any other Condition of this Licence, the Licensee shall forthwith give written notice of such conflict to

the Commission. Subject to paragraph 9, and provided the Licensee complies with this paragraph 8, the other Conditions of this Licence shall prevail over this Condition in the event of such conflict.

- 9 If there is any conflict between a direction made under paragraph 4 and another requirement of this Licence, the provisions of the direction shall prevail.
- 10 The Licensee shall provide to the Commission, in such manner and at such times as the Commission may reasonably require, such information and shall procure and furnish to it such reports as the Commission may require or deem necessary or appropriate to enable the Commission to monitor the Licensee's compliance with the requirements of this Condition, including (without limitation):
 - a. information as to the Licensee's readiness concerning the modifications, conditions and matters referred to in paragraph 1; and
 - b. status reports concerning the matters referred to in paragraph 1(d), and drafts of any legal documents by which such matters are to be achieved.
- 11 If the Licensee becomes aware of any matter or circumstance which it considers will (or which it should reasonably consider likely to) hinder or frustrate the giving of full and timely effect to the modifications, conditions and matters referred to in paragraph 1, the Licensee shall forthwith inform the Commission of such matter or circumstance.

12 In this Condition:

"core industry documents"

means those documents which:

- a. are referred to in, or are (or are to be) established or required to be entered into pursuant to, a licence granted under the Act; or
- b. in the opinion of the Commission, are central industry documents associated with the licensed activities of the Licensee or electricity undertakings and which have been designated as such by the Commission.

Condition C Transition Steps (Specific)

- 1 Without prejudice to the generality of Condition B, the Licensee shall:
 - (a) undertake such testing, trialling and start-up of its systems, processes and procedures to the extent appropriate in the circumstances;
 - (b) co-operate with electricity undertakings and Northern Ireland authorised electricity operators who wish to test and trial systems employed by them in connection with such systems, processes and procedures;
 - (c) co-operate with electricity undertakings who wish to test and trial systems employed by them in connection with the Single Market Operation Business's systems, processes and procedures (such co-operation to include the provision of meter data);
 - (d) co-operate with, and provide such information as is required by, the Commission in relation to any audit conducted by the Commission.
- 2 In this Condition:

“meter data”

has the meaning given to it in the Single Electricity Market Trading and Settlement Code.

Condition D Run-Off Steps (General)

- 1 The Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to fully and effectively run-off the pre-SEM arrangements from SEM Go-Live.
- 2 Without prejudice to paragraphs 1 and 3, the Licensee shall co-operate with electricity undertakings, Northern Ireland authorised electricity operators, the Market Operator Licensee, the Commission and such other persons as the Commission may direct, and shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to:
 - a. fully and effectively run-off the pre-SEM arrangements from SEM Go-Live;
 - b. enable such electricity undertakings to comply with any directions made by the Commission under the provisions of their licences which are equivalent to paragraph 4; and
 - c. enable such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to run-off the pre-SEM arrangements.
- 3 Without prejudice to paragraphs 1 and 2, the Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to comply with directions made from time to time by the Commission in accordance with paragraph 4.
- 4 The Commission may issue directions to the Licensee setting out the steps to be taken or procured by the Licensee which are, in the opinion of the Commission, appropriate in order to fully and effectively run-off the pre-SEM arrangements from SEM Go-Live.
- 5 The Commission may, at any time, by a further direction in accordance with paragraph 4, amend or cancel any direction (or part thereof) previously made under paragraph 4.
- 6 The Licensee shall not take any step, or exercise any right, which is intended to (or which the Licensee should reasonably know is likely to) hinder or frustrate the full and effective run-off the pre-SEM arrangements from SEM Go-Live.
- 7 If the Licensee becomes aware of any conflict between its compliance with the provisions of this Condition and its compliance with any other Condition of this Licence, the Licensee shall forthwith give written notice of such conflict to the Commission. Subject to paragraph 8, and provided the Licensee complies with this paragraph 7, the other Conditions of this Licence shall prevail over this Condition in the event of such conflict.
- 8 If there is any conflict between a direction made under paragraph 4 and another requirement of this Licence, the provisions of the direction shall prevail.
- 9 The Licensee shall provide to the Commission, in such manner and at such times as the Commission may reasonably require, such information and shall procure and furnish to it such reports as the Commission may require or deem necessary or appropriate to enable the Commission to monitor the Licensee’s compliance with the requirements of this Condition.
- 10 If the Licensee becomes aware of any matter or circumstance which it considers will (or which it should reasonably consider likely to) hinder or frustrate the full and effective run-off the pre-SEM arrangements from SEM Go-Live, the Licensee shall forthwith inform the Commission of such matter or circumstance.
- 11 In this Condition:

“pre-SEM arrangements” means the arrangements relating to the system of trading in electricity and settling electricity imbalances established by the Electricity Regulation Act 1999 (Trading Arrangements in Electricity) Regulations 2000 (SI 49 of 2000); and

“run-off” means, in relation to any arrangements, the bringing to an end of those arrangements, which shall include the determination and settlement (including by way of reconciliation) of electricity and payments in connection with periods up to and including the point at which such arrangements are brought to an end.

Condition E Run-Off Steps (Specific)

- 1 Without prejudice to the generality of Condition D, the Licensee shall:
 - a. provide and operate a settlement system in accordance with the Trading and Settlement Code; and
 - b. provide meter data,

in each case to the extent required in order to fully and effectively run-off the pre-SEM arrangements with effect from SEM Go-Live.

- 2 In this Condition:

“pre-SEM arrangements” means the arrangements relating to the system of trading in electricity and settling electricity imbalances established by the Electricity Regulation Act 1999 (Trading Arrangements in Electricity) Regulations 2000 (SI 49 of 2000); and

“run-off” means, in relation to any arrangements, the bringing to an end of those arrangements, which shall include the determination and settlement (including by way of reconciliation) of electricity and payments in connection with periods up to and including the point at which such arrangements are brought to an end.

4.3 Distribution System Operator Licence

4.3.1 Draft Transition Licence Conditions

Condition A Application of Other Licence Conditions

- 1 Notwithstanding any other provision of this Licence, the following Conditions shall apply as follows:
 - (a) Condition B and C shall cease to apply on the date which is three months after SEM Go-Live or on such other date as may be specified by the Commission;
 - (b) Conditions D and E shall cease to apply one day after the date which is six years and one month after SEM Go-Live or on such other date as may be specified by the Commission;
 - (c) the Conditions set out in [Section 2] shall cease to apply on SEM Go-Live; and
 - (d) the Conditions set out in [Section 3] shall apply from SEM Go-Live;
- 2 Where a Condition ceases to apply in accordance with paragraph 1(a), 1(b) or 1(c), the Conditions shall automatically be modified by the deletion of that Condition.
- 3 Once all of the Conditions referred to in paragraphs 1(a), 1(b) and 1(c) have been deleted in accordance with paragraph 2, the Conditions shall automatically be modified by the deletion of this Condition A (such deletion being without prejudice to the continued application of the Conditions referred to in paragraph 1(d)).

Condition B Transition Steps (General)

- 1 The Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to give full and timely effect to:
 - a. any modifications made (or which the Licensee knows, or should reasonably know, are to be made) to this Licence and to the licences of electricity undertakings in accordance with the Act;
 - b. the conditions of the licences held by the Transmission System Operator and the Market Operator Licensee;
 - c. any conditions imposed (or which the Licensee knows, or should reasonably know, are to be imposed) by any exemption granted pursuant to section 14(2F) of the Act; and
 - d. the matters envisaged by such modifications and conditions (including, without limitation, the establishment, amendment or termination of rights and obligations under, core industry documents),

so that the Licensee is able to comply with such modifications, conditions and matters from the time at which they are effective.

- 2 Without prejudice to paragraphs 1 and 3, the Licensee shall co-operate with electricity undertakings, Northern Ireland authorised electricity operators, the Transmission System Operator, the Market Operator Licensee, the Commission and such other persons as the Commission may direct, and shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to enable:

- a. such electricity undertakings to comply with their statutory or licence obligations to give full and timely effect to the modifications, conditions and matters referred to in paragraph 1, so that such electricity undertakings are able to comply with such modifications, conditions and matters from the time at which they are effective;
 - b. such electricity undertakings to comply with any directions made by the Commission under the provisions of their licences which are equivalent to paragraph 4; and
 - c. such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to prepare for the Single Electricity Market.
- 3 Without prejudice to paragraphs 1 and 2, the Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to comply with directions made from time to time by the Commission in accordance with paragraph 4.
- 4 The Commission may issue directions to the Licensee setting out the steps (including, without limitation, those referred to in paragraph 5) to be taken or procured by the Licensee which are, in the opinion of the Commission, appropriate in order to:
 - a. give full and timely effect to the modifications, conditions and matters referred to in paragraph 1, so that such electricity undertakings are able to comply with such modifications, conditions and matters from the time at which they are effective; and/or
 - b. enable Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to prepare for the Single Electricity Market.
- 5 Directions made by the Commission under paragraph 4 may include, without limitation, requirements relating to the following steps:
 - a. securing or facilitating the amendment or establishment of any of the core industry documents;
 - b. securing the co-ordinated and effective commencement and implementation of the Single Electricity Market Trading and Settlement Code and operations thereunder (including, without limitation, the testing, trialling and start-up of the systems, processes and procedures employed in such implementation and employed by electricity undertakings and others in connection with such operations); and
 - c. for the Licensee, an electricity undertaking or a Northern Ireland authorised electricity operator to refer to the Commission for determination disputes regarding the matters referred to in paragraph 1(d) and for the Licensee and electricity undertakings to comply with any such determination.
- 6 The Commission may, at any time, by a further direction in accordance with paragraph 4, amend or cancel any direction (or part thereof) previously made under paragraph 4.
- 7 The Licensee shall not take any step, or exercise any right, which is intended to (or which the Licensee should reasonably know is likely to) hinder or frustrate the giving of full and timely effect to:
 - a. the modifications, conditions and matters referred to in paragraph 1, so that such electricity undertakings are able to comply with such modifications, conditions and matters from the time at which they are effective;
 - b. any directions to electricity undertakings made by the Commission under the provisions of their licences which are equivalent to paragraph 4; or
 - c. any statutory or licence obligations that require Northern Ireland authorised electricity operators to prepare for the Single Electricity Market.

- 8 If the Licensee becomes aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 4 and its compliance with any other Condition of this Licence, the Licensee shall forthwith give written notice of such conflict to the Commission. Subject to paragraph 9, and provided the Licensee complies with this paragraph 8, the other Conditions of this Licence shall prevail over this Condition in the event of such conflict.
- 9 If there is any conflict between a direction made under paragraph 4 and another requirement of this Licence, the provisions of the direction shall prevail.
- 10 The Licensee shall provide to the Commission, in such manner and at such times as the Commission may reasonably require, such information and shall procure and furnish to it such reports as the Commission may require or deem necessary or appropriate to enable the Commission to monitor the Licensee's compliance with the requirements of this Condition, including (without limitation):
 - a. information as to the Licensee's readiness concerning the modifications, conditions and matters referred to in paragraph 1; and
 - b. status reports concerning the matters referred to in paragraph 1(d), and drafts of any legal documents by which such matters are to be achieved.
- 11 If the Licensee becomes aware of any matter or circumstance which it considers will (or which it should reasonably consider likely to) hinder or frustrate the giving of full and timely effect to the modifications, conditions and matters referred to in paragraph 1, the Licensee shall forthwith inform the Commission of such matter or circumstance.

12 In this Condition:

“core industry documents”

means those documents which:

- a. are referred to in, or are (or are to be) established or required to be entered into pursuant to, a licence granted under the Act; or
- b. in the opinion of the Commission, are central industry documents associated with the licensed activities of the Licensee or electricity undertakings and which have been designated as such by the Commission.

Condition C Transition Steps (Specific)

1 Without prejudice to the generality of Condition B, the Licensee shall co-operate with electricity undertakings who wish to test and trial systems employed by them in connection with the Single Market Operation Business's systems, processes and procedures (such co-operation to include the provision of meter data).

2 In this Condition:

“meter data”

has the meaning given to it in the Single Electricity Market Trading and Settlement Code.

Condition D Run-Off Steps (General)

- 1 The Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to fully and effectively run-off the pre-SEM arrangements from SEM Go-Live.
- 2 Without prejudice to paragraphs 1 and 3, the Licensee shall co-operate with electricity undertakings, Northern Ireland authorised electricity operators, the Transmission System Operator, the Market Operator Licensee, the Commission and such other persons as the Commission may direct, and shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to:
 - a. fully and effectively run-off the pre-SEM arrangements from SEM Go-Live;
 - b. enable such electricity undertakings to comply with any directions made by the Commission under the provisions of their licences which are equivalent to paragraph 4; and
 - c. enable such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to run-off the pre-SEM arrangements.
- 3 Without prejudice to paragraphs 1 and 2, the Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to comply with directions made from time to time by the Commission in accordance with paragraph 4.
- 4 The Commission may issue directions to the Licensee setting out the steps to be taken or procured by the Licensee which are, in the opinion of the Commission, appropriate in order to fully and effectively run-off the pre-SEM arrangements from SEM Go-Live.
- 5 The Commission may, at any time, by a further direction in accordance with paragraph 4, amend or cancel any direction (or part thereof) previously made under paragraph 4.
- 6 The Licensee shall not take any step, or exercise any right, which is intended to (or which the Licensee should reasonably know is likely to) hinder or frustrate the full and effective run-off the pre-SEM arrangements from SEM Go-Live.
- 7 If the Licensee becomes aware of any conflict between its compliance with the provisions of this Condition and its compliance with any other Condition of this Licence, the Licensee shall forthwith give written notice of such conflict to the Commission. Subject to paragraph 8, and provided the Licensee complies with this paragraph 7, the other Conditions of this Licence shall prevail over this Condition in the event of such conflict.
- 8 If there is any conflict between a direction made under paragraph 4 and another requirement of this Licence, the provisions of the direction shall prevail.
- 9 The Licensee shall provide to the Commission, in such manner and at such times as the Commission may reasonably require, such information and shall procure and furnish to it such reports as the Commission may require or deem necessary or appropriate to enable the Commission to monitor the Licensee's compliance with the requirements of this Condition.
- 10 If the Licensee becomes aware of any matter or circumstance which it considers will (or which it should reasonably consider likely to) hinder or frustrate the full and effective run-off the pre-SEM arrangements from SEM Go-Live, the Licensee shall forthwith inform the Commission of such matter or circumstance.
- 11 In this Condition:

“pre-SEM arrangements”

means the arrangements relating to the system of trading in electricity and settling electricity imbalances established by the Electricity Regulation Act 1999 (Trading Arrangements in Electricity) Regulations 2000 (SI 49 of 2000); and

“run-off”

means, in relation to any arrangements, the bringing to an end of those arrangements, which shall include the determination and settlement (including by way of reconciliation) of electricity and payments in connection with periods up to and including the point at which such arrangements are brought to an end.

Condition E Run-Off Steps (Specific)

- 1 Without prejudice to the generality of Condition D, the Licensee shall provide meter data to the extent required in order to fully and effectively run-off the pre-SEM arrangements with effect from SEM Go-Live.
- 2 In this Condition:

“pre-SEM arrangements”

means the arrangements relating to the system of trading in electricity and settling electricity imbalances established by the Electricity Regulation Act 1999 (Trading Arrangements in Electricity) Regulations 2000 (SI 49 of 2000); and

“run-off”

means, in relation to any arrangements, the bringing to an end of those arrangements, which shall include the determination and settlement (including by way of reconciliation) of electricity and payments in connection with periods up to and including the point at which such arrangements are brought to an end.

4.4 Generation and Supply Licences

4.4.1 Draft Transition Licence Conditions

Condition A Application of Other Licence Conditions

1. Notwithstanding any other provision of this Licence, the following Conditions shall apply as follows:
 - a. Condition B shall cease to apply on the date which is [three months after SEM Go-Live] or on such other date as may be specified by the Commission;
 - b. Condition C shall cease to apply one day after the date which is six years and one month after SEM Go-Live or on such other date as may be specified by the Commission;
 - c. the Conditions set out in [Section 2] shall cease to apply on SEM Go-Live; and
 - d. the Conditions set out in [Section 3] shall apply from SEM Go-Live;
2. Where a Condition ceases to apply in accordance with paragraph 1(a), 1(b) or 1(c), the Conditions shall automatically be modified by the deletion of that Condition.
3. Once all of the Conditions referred to in paragraphs 1(a), 1(b) and 1(c) have been deleted in accordance with paragraph 2, the Conditions shall automatically be modified by the deletion of this Condition A (such deletion being without prejudice to the continued application of the Conditions referred to in paragraph 1(d)).

Condition B Transition Steps (General)

1. The Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to give full and timely effect to:
 - a. any modifications made (or which the Licensee knows, or should reasonably know, are to be made) to this Licence and to the licences of electricity undertakings in accordance with the Act;
 - b. the conditions of the licences held by the Transmission System Operator and the Market Operator Licensee;
 - c. any conditions imposed (or which the Licensee knows, or should reasonably know, are to be imposed) by any exemption granted pursuant to section 14(2F) of the Act; and
 - d. the matters envisaged by such modifications and conditions (including, without limitation, the establishment, amendment or termination of rights and obligations under, core industry documents),so that the Licensee is able to comply with such modifications, conditions and matters from the time at which they are effective.
2. Without prejudice to paragraphs 1 and 3, the Licensee shall co-operate with electricity undertakings, Northern Ireland authorised electricity operators, the Transmission System Operator, the Market Operator Licensee, the Commission and such other persons as the Commission may direct, and shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to enable:
 - a. such electricity undertakings to comply with their statutory or licence obligations to give full and timely effect to the modifications, conditions and matters referred to in paragraph 1, so that such electricity undertakings are able to comply with such modifications, conditions and matters from the time at which they are effective;
 - b. such electricity undertakings to comply with any directions made by the Commission under the provisions of their licences which are equivalent to paragraph 4; and
 - c. such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to prepare for the Single Electricity Market.
3. Without prejudice to paragraphs 1 and 2, the Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to comply with directions made from time to time by the Commission in accordance with paragraph 4.
4. The Commission may issue directions to the Licensee setting out the steps (including, without limitation, those referred to in paragraph 5) to be taken or procured by the Licensee which are, in the opinion of the Commission, appropriate in order to:
 - a. give full and timely effect to the modifications, conditions and matters referred to in paragraph 1, so that such electricity undertakings are able to comply with such modifications, conditions and matters from the time at which they are effective; and/or
 - b. enable Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to prepare for the Single Electricity Market.
5. Directions made by the Commission under paragraph 4 may include, without limitation, requirements relating to the following steps:

- a. securing or facilitating the amendment or establishment of any of the core industry documents;
 - b. securing the co-ordinated and effective commencement and implementation of the Single Electricity Market Trading and Settlement Code and operations thereunder (including, without limitation, the testing, trialling and start-up of the systems, processes and procedures employed in such implementation and employed by electricity undertakings and others in connection with such operations); and
 - c. for the Licensee, an electricity undertaking or a Northern Ireland authorised electricity operator to refer to the Commission for determination disputes regarding the matters referred to in paragraph 1(d) and for the Licensee and electricity undertakings to comply with any such determination.
6. The Commission may, at any time, by a further direction in accordance with paragraph 4, amend or cancel any direction (or part thereof) previously made under paragraph 4.
7. The Licensee shall not take any step, or exercise any right, which is intended to (or which the Licensee should reasonably know is likely to) hinder or frustrate the giving of full and timely effect to:
 - a. the modifications, conditions and matters referred to in paragraph 1, so that such electricity undertakings are able to comply with such modifications, conditions and matters from the time at which they are effective;
 - b. any directions to electricity undertakings made by the Commission under the provisions of their licences which are equivalent to paragraph 4; or
 - c. any statutory or licence obligations that require Northern Ireland authorised electricity operators to prepare for the Single Electricity Market.
8. If the Licensee becomes aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 4 and its compliance with any other Condition of this Licence, the Licensee shall forthwith give written notice of such conflict to the Commission. Subject to paragraph 9, and provided the Licensee complies with this paragraph 8, the other Conditions of this Licence shall prevail over this Condition in the event of such conflict.
9. If there is any conflict between a direction made under paragraph 4 and another requirement of this Licence, the provisions of the direction shall prevail.
10. The Licensee shall provide to the Commission, in such manner and at such times as the Commission may reasonably require, such information and shall procure and furnish to it such reports as the Commission may require or deem necessary or appropriate to enable the Commission to monitor the Licensee's compliance with the requirements of this Condition, including (without limitation):
 - a. information as to the Licensee's readiness concerning the modifications, conditions and matters referred to in paragraph 1; and
 - b. status reports concerning the matters referred to in paragraph 1(d), and drafts of any legal documents by which such matters are to be achieved.
11. If the Licensee becomes aware of any matter or circumstance which it considers will (or which it should reasonably consider likely to) hinder or frustrate the giving of full and timely effect to the modifications, conditions and matters referred to in paragraph 1, the Licensee shall forthwith inform the Commission of such matter or circumstance.
12. In this Condition:

“core industry documents”

means those documents which:

- a. are referred to in, or are (or are to be) established or required to be entered into pursuant to, a licence granted under the Act; or
- b. in the opinion of the Commission, are central industry documents associated with the licensed activities of the Licensee or electricity undertakings and which have been designated as such by the Commission.

Condition C Run-Off Steps (General)

1. The Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to fully and effectively run-off the pre-SEM arrangements from SEM Go-Live.
2. Without prejudice to paragraphs 1 and 3, the Licensee shall co-operate with electricity undertakings, Northern Ireland authorised electricity operators, the Transmission System Operator, the Market Operator Licensee, the Commission and such other persons as the Commission may direct, and shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to:
 - a. fully and effectively run-off the pre-SEM arrangements from SEM Go-Live;
 - b. enable such electricity undertakings to comply with any directions made by the Commission under the provisions of their licences which are equivalent to paragraph 4; and
 - c. enable such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to run-off the pre-SEM arrangements.
4. Without prejudice to paragraphs 1 and 2, the Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to comply with directions made from time to time by the Commission in accordance with paragraph 4.
5. The Commission may issue directions to the Licensee setting out the steps to be taken or procured by the Licensee which are, in the opinion of the Commission, appropriate in order to fully and effectively run-off the pre-SEM arrangements from SEM Go-Live.
6. The Commission may, at any time, by a further direction in accordance with paragraph 4, amend or cancel any direction (or part thereof) previously made under paragraph 4.
7. The Licensee shall not take any step, or exercise any right, which is intended to (or which the Licensee should reasonably know is likely to) hinder or frustrate the full and effective run-off the pre-SEM arrangements from SEM Go-Live.
8. If the Licensee becomes aware of any conflict between its compliance with the provisions of this Condition and its compliance with any other Condition of this Licence, the Licensee shall forthwith give written notice of such conflict to the Commission. Subject to paragraph 8, and provided the Licensee complies with this paragraph 7, the other Conditions of this Licence shall prevail over this Condition in the event of such conflict.
9. If there is any conflict between a direction made under paragraph 4 and another requirement of this Licence, the provisions of the direction shall prevail.
10. The Licensee shall provide to the Commission, in such manner and at such times as the Commission may reasonably require, such information and shall procure and furnish to it such reports as the Commission may require or deem necessary or appropriate to enable the Commission to monitor the Licensee's compliance with the requirements of this Condition.
11. If the Licensee becomes aware of any matter or circumstance which it considers will (or which it should reasonably consider likely to) hinder or frustrate the full and effective run-off the pre-SEM arrangements from SEM Go-Live, the Licensee shall forthwith inform the Commission of such matter or circumstance.
12. In this Condition:

“pre-SEM arrangements”

means the arrangements relating to the system of trading in electricity and settling electricity imbalances established by the Electricity Regulation Act 1999 (Trading Arrangements in Electricity) Regulations 2000 (SI 49 of 2000); and

“run-off”

means, in relation to any arrangements, the bringing to an end of those arrangements, which shall include the determination and settlement (including by way of reconciliation) of electricity and payments in connection with periods up to and including the point at which such arrangements are brought to an end.

5 Northern Ireland Licences

5.1 General Summary

The licence drafts that have been consulted on to date have set out the enduring licence conditions that it is proposed will apply from Go-Live. This paper is concerned with the question of how we will get to that position.

In the case of Northern Ireland, the answer to that question differs between three broad categories of licence:

- the new NI MO and NI TSO licences;
- NIE plc's transmission licence and its public electricity supply licence; and
- generation licences, second tier-supply licences and Moyle's transmission licence.

In relation to this first category, Sections 5.2 – 5.3 set out when it is proposed that each new licence condition will become effective.

In relation to the other two categories, Sections 5.4 – 5.8 set out when it is proposed that the necessary modifications will be made to the existing licence conditions so as to create licences in the enduring form that have been consulted on to date (and on which the Authority continues to consult).

In addition to the enduring conditions, each NI licence will also be modified so as to include some or all (depending on the category of licence) of the transitional conditions referred to in Sections 5.9 and 5.10.

5.2 Market Operator (MO) Licence

It is proposed that the Market Operator licence in Northern Ireland will be granted at Go-Active.

It is currently envisaged that the Department will grant the licence in its enduring form (which has previously been consulted on, subject to any further consultation responses during the application consultation). On its grant, the Authority will then modify the NI MO licence (along with all other NI licences) so as to include the conditions referred to in Sections 5.9 and 5.10 and so as to provide that the enduring conditions will apply as follows:

No.	Condition	Effective Date	Comment
1	Interpretation and Construction	Go-Active	
2	Preparation of Accounts	Go-Active	Paragraph 1 will provide for the first financial year to run from Go-Live until 30 September 2008, and for subsequent financial years to run from 1 October to 30 September.
3	Availability of Resources and Undertaking of Ultimate Controller	Go-Active	Paragraph 2 will provide for the first certificate to be submitted on SEM Go-Live, and for subsequent certificates to be submitted on 30 September.
4	Restriction on Dividends	Go-Active	
5	Prohibition of Cross-Subsidies	Go-Active	
6	Provision of Information to the Authority	Go-Active	
7	Disposal of Relevant Market Assets	Go-Active	The Authority does not intend to require the licensee to prepare the register referred to in paragraph 1 until Go-Live.
8	Restriction on Dealings with Assets	Go-Active	
9	Restriction on Use of Certain Information	Go-Active	
10	Independence of the Market Operation Activity	Go-Live	
11	Prohibited Activities	Go-Active	
12	Security Arrangements	Go-Live	
13	Non-Discrimination	Go-Active	

14	Market Operator Agreement	Go-Active	Provided the MOA is published on the AIME website, the Authority does not intend to require the licensee to publish the MOA until Go-Live.
15	Single Electricity Market Trading and Settlement Code	Go-Active	The wording in paragraphs 1(e) and 7 will include the words "from Go-Live". The Authority does not intend to require the licensee to publish the TSC until Go-Live
16	Market System Development Plan	Go-Live	
17	Performance of the Single Market Operation Business	Go-Active	The date in paragraph 1 will be Go-Live.
18	System Operator Agreement	Go-Live	
19	Procurement of Assets and Services	Go-Active	
20	Charging and Revenue Restriction	Go-Active	A short-form "default" price control condition will be included at Go-Active. It will provide that the SMO Business may not recover any revenue from the activity until Go-Live, and that the revenue to be recovered in the 12 months thereafter must be subject to the Authority's approval. The intention is that a detailed price control will be agreed with the licensee prior to Go-Live.

5.3 Transmission System Operator (TSO) Licence

It is proposed that the Transmission System Operator licence in Northern Ireland will be granted at Go-Active.

It is currently envisaged that the Department will grant the licence in its enduring form (which has previously been consulted on, subject to any further consultation responses during the application consultation). On its grant, the Authority will then modify the NI TSO licence (along with all other NI licences) so as to include the conditions referred to in Sections 5.9 and 5.10 and so as to provide that the enduring conditions will apply as follows:

No.	Condition	Effective Date	Comment
1	Interpretation and Construction	Go-Active	
2	Preparation of Accounts	Go-Active	Paragraph 1 will provide for the first financial year to run from Go-Live until 30 September 2008, and for subsequent financial years to run from 1 October to 30 September.
3	Availability of Resources and Undertaking of Ultimate Controller	Go-Active	Paragraph 2 will provide for the first certificate to be submitted on SEM Go-Live, and for subsequent certificates to be submitted on 30 September.
4	Restriction on Dividends	Go-Active	
5	Prohibition of Cross-Subsidies	Go-Active	
6	Health and Safety of Employees	Go-Live	
7	Provision of Information to the Authority	Go-Active	
8	Payment of Fees	Go-Active	The first licence fee payment will be in respect of the year commencing 1 April 2008.
9	Disposal of Relevant Assets	Go-Active	
10	Restriction on Dealings with Assets	Go-Active	
11	Restriction on Use of Certain Information	Go-Active	
12	Independence of the Transmission System Operator Activity	Go-Live	
13	Prohibited Activities	Go-Active	

14	Security Arrangements	Go-Live	
15	Non-Discrimination	Go-Active	
16	Grid Code	Go-Live	
17	Distribution Code	Go-Live	
18	Transmission Interface Arrangements	Go-Active	Paragraph 2(a) will refer to 17 October 2007.
19	PPB / TSO Interface Agreement	Go-Active	Paragraph 2(a) will refer to 17 October 2007.
20	Operation of the Transmission System and the System Security and Planning Standards	Go-Live	
21	Operating Security Standards	Go-Live	
22	Central Dispatch and Merit Order	Go-Live	
23	Single Electricity Market Trading and Settlement Code	Go-Active	
24	System Operator Agreement	Go-Active	Paragraph 1 will refer to 17 October 2007.
25	Requirement to Offer Terms - Users and Connectees	Go-Live	
26	Functions of the Authority – Disputes with Users and Connectees	Go-Live	
27	Requirement to Offer Terms - Republic of Ireland System Operator	Go-Live	
28	Functions of the Authority – Disputes with the Republic of Ireland System Operator	Go-Live	
29	Economic Purchasing of System Support Services	Go-Live	
30	Charging Statement	Go-Live	
31	Charge Restrictions	Go-Active	A short-form “default” price control condition will be included at Go-Active. It will provide that the SMO Business may not recover any revenue from the activity until Go-Live, and that the revenue to be recovered in the 12 months thereafter must be subject to the Authority’s approval. The intention is that a detailed price control will

			be agreed with the licensee prior to Go-Live.
32	Transmission System Capacity Statement	Go-Live	
33	Interconnector Capacity Statement	Go-Live	
34	Generation Capacity Statement	Go-Live	
35	Provision of Information to Other System Operators	Go-Live	
36	Arrangements in Respect of the Moyle Interconnector	Go-Live	
37	Limits on the level to which transmission services are provided	Go-Live	

5.4 NIE T & D Licence

The current NIE plc licence document will present the most complexities in terms of the steps to be taken to create the enduring position of a participation in transmission licence held by NIE plc and a supply licence held by NIE Energy Limited.

The Authority understands that the Department intends to achieve the transfer of licence by way of a statutory transfer scheme, the regulations containing which will be consulted on shortly. The same regulations (to be made under the European Communities Act 1972) will also deal with the manner in which the public electricity supply licence will be converted into a supply licence. The Energy Order contains the means by which the transmission licence will be converted into a participation in transmission licence.

However, the Authority will still need to make the necessary licence modifications. It is proposed that the current NIE plc licence document will be modified at Go-Active so that the transmission and public electricity supply licence document comprises:

- two sets of the conditions referred to in Sections 5.9 and 5.10, one which will apply to transmission (conditions TA-TD) and one which will apply to public electricity supply (conditions SA-SD);
- (in a new “Chapter 1”) all the existing licence conditions applicable to transmission and public electricity supply (which will continue to be effective until Go-Live);
- (in a new “Chapter 2”) the enduring licence conditions to apply to NIE plc’s transmission owner licence; and
- (in a new “Chapter 3”) the enduring licence conditions to apply to (what will become) NIE Energy Limited’s supply licence.

The section concerning the NIE Energy Supply Licence (below) sets out the Authority’s proposals concerning Chapter 3. The table immediately below sets out when the Authority proposes that the conditions set out in Chapter 2 would become effective:

No.	Condition	Effective Date	Comment
1	Interpretation and Construction	Go-Active	Condition TA will provide for this condition to apply only in respect of Chapter 2 and Conditions TA-TD.
2	Preparation of Accounts	Go-Live	
3	Availability of Resources and Undertaking of Ultimate Controller	Go-Live	

4	Restriction on Dividends	Go-Live	
5	Prohibition of Cross-Subsidies	Go-Live	
6	Health and Safety of Employees	Go-Live	
7	Payment of Fees	Go-Live	
8	Provision of Information to the Authority	Go-Live	
9	Disposal of Relevant Assets and Indebtedness	Go-Live	
9A	Financial Gearing and Credit Rating	Go-Live	
10	Restriction on Use of Certain Information	Go-Live	
11	Security Arrangements	Go-Live	
12	Independence of the Transmission and Distribution Business	Go-Live	
13	Prohibited Activities	Go-Live	
14	Ring Fencing	Go-Live	
15	Non-Discrimination	Go-Live	
16	Single Electricity Market Trading and Settlement Code	Go-Active	
17	Transmission Interface Arrangements	Go-Active	Paragraph 2(a) will refer to 17 October 2007.
18	Obligation to Provide Transmission Services	Go-Live	
19	Operation of the Transmission System and the System Security and Planning Standards	Go-Live	
20	Obligations in Relation to Offers by Transmission System Operator	Go-Live	
21	Functions of the Authority – Transmission Offers	Go-Live	
22	Transmission Charging Statement	Go-Live	
23	Land Bank	Go-Live	
24	Payment Security Policy [and PSO Agreement]	Go-Live	
25	PPB / TO Interface Agreement	Go-Active	Paragraph 2(a) will refer to 17

			October 2007.
26	Grid Code	Go-Live	
27	Distribution Code	Go-Live	
28	Market Registration Service and Market Data Service	Go-Live	
29	Market Registration Arrangements	Go-Live	
30	Requirement to Offer Terms for Connection to and Use of Distribution System	Go-Live	
31	Functions of the Authority – Distribution Disputes	Go-Live	
32	Basis of Charges for Use of and Connection to the Distribution System	Go-Live	
33	Supplier of Last Resort Payment Claims	Go-Live	
34	Standards of performance	Go-Live	
35	Provision of comments to the Authority on information and advice	Go-Live	
36	Licensee's apparatus on tariff customers' side of meter	Go-Live	
37	Provision of services for persons who are of pensionable age or disabled	Go-Live	
38	Complaint handling procedure	Go-Live	
39	Provision of services for prepayment meter customers	Go-Live	
40	Relations with the General Consumer Council	Go-Live	
41	Preparation, review of and compliance with Codes of Practice	Go-Live	
42	Charge Restriction Applicable to the Transmission and Distribution Business	Go-Live	The condition included here at Go-Active will be a "default" price control that is based heavily on the existing Schedule 4 price control in NIE plc's existing licence. The intention is that such price control would be modified by agreement with the licensee prior to Go-Live (principally through modification of the "Dt" term contained therein).

5.5 NIE Energy Supply Licence

The current NIE plc licence document will present the most complexities in terms of the steps to be taken to create the enduring position of a participation in transmission licence held by NIE plc and a supply licence held by NIE Energy Limited.

The Authority understands that the Department intends to achieve the transfer of licence by way of a statutory transfer scheme, the regulations containing which will be consulted on shortly. The same regulations (to be made under the European Communities Act 1972) will also deal with the manner in which the public electricity supply licence will be converted into a supply licence. The Energy Order contains the means by which the transmission licence will be converted into a participation in transmission licence.

However, the Authority will still need to make the necessary licence modifications. It is proposed that the current NIE plc licence document will be modified at Go-Active so that the transmission and public electricity supply licence document comprises:

- two sets of the conditions referred to in Sections 5.9 and 5.10, one which will apply to transmission (conditions TA-TD) and one which will apply to public electricity supply (conditions SA-SD);
- (in a new “Chapter 1”) all the existing licence conditions applicable to transmission and public electricity supply (which will continue to be effective until Go-Live);
- (in a new “Chapter 2”) the enduring licence conditions to apply to NIE plc’s transmission owner licence; and
- (in a new “Chapter 3”) the enduring licence conditions to apply to (what will become) NIE Energy Limited’s supply licence.

The section concerning NIE plc’s transmission licence (above) sets out the Authority’s proposals concerning Chapter 2. The table immediately below sets out when the Authority proposes that the conditions set out in Chapter 3 would become effective. Where such conditions become effective prior to Go-Live, they will place obligations on NIE plc, but any documents entered into by NIE plc in pursuance of its public electricity supply licence obligations will be transferred to NIE Energy Limited under the transfer scheme.

No.	Condition	Effective Date	Comment
1	Interpretation and Construction	Go-Active	Condition A will provide for this condition to apply only in respect of

			Chapter 3 and Conditions SA-SD.
2	Separate Accounts for Separate Businesses	Go-Live	
3	Compliance with Grid Code and Distribution Code	Go-Live	
4	The Market Registration Framework Agreement	Go-Live	
5	Cancellation of Contracts	Go-Live	
6	Security arrangements	Go-Live	
7	Compulsory Acquisition of land	Go-Live	
8	Powers to carry out road works etc	Go-Live	
9	Health and safety of employees	Go-Live	
10	Provision of information to the Authority	Go-Live	
11	Payment of fees	Go-Live	
12	Prohibition of cross-subsidies	Go-Live	
13	Confidential Information and Separation of Businesses	Go-Live	
14	Prohibition of discrimination in supply	Go-Live	
15	Duration of discrimination conditions	Go-Live	
16	Duty to offer terms for meter provision	Go-Live	
17	Procedures for the detection and prevention of theft, damage and meter interference	Go-Live	
18	Licensee's apparatus on Customer's side of meter	Go-Live	
19	Provision on Information to Transmission System Operator and Market Operator	Go-Live	
20	Single Electricity Market Trading and Settlement Code	Go-Active	
21	The PSO Agreement	Go-Live	
22	Supplier of Last Resort	Go-Live	

23	Claims for Last Resort Payments	Go-Live	
24	Standards of Performance	Go-Live	
25	Classification of Premises	Go-Live	
26	Duty to Offer Terms	Go-Live	
27	Terms and Conditions of Electricity Supply Contracts	Go-Live	
28	Deemed Contracts	Go-Live	
29	Approval of the Authority to the Licensee's Arrangements	Go-Live	
30	Code of Practice on payment of bills	Go-Live	
31	Code of practice on vulnerable persons	Go-Live	
32	Code of Practice on efficient use of electricity	Go-Live	
33	Code of Practice on complaint handling	Go-Live	
34	Code of Practice on services for pre-payment meter Customers	Go-Live	
35	Preparation, review of and compliance with Code of Practice	Go-Live	
36	Report on Performance	Go-Live	
37	Relations with the General Consumer Council	Go-Live	
38	Information given to Customers	Go-Live	
39	Security and safety of supplies	Go-Live	
40	Marketing of Electricity to Domestic Customers	Go-Live	
41	Additional Definitions	Go-Active	Condition A will provide for this condition to apply only in respect of Chapter 3 (and for the condition 1 set out in Chapter 1 to apply in respect of Chapter 1).
42	Availability of Resources and Undertakings	Go-Live	
43	Restriction on Dividends	Go-Live	
44	Restriction on own-generation and	Go-Live	

	gas pipeline capacity		
45	Prohibited activities and ring-fencing	Go-Live	
46	Obligation on economic purchasing	Go-Live	
47	Separate Accounts for Separate Businesses	Go-Live	
48	Prohibition on Cross-Subsidies and of Discrimination	Go-Live	
49	Restriction on use of certain information	Go-Live	
50	Independence of the Transmission Owner and Distribution Business	Go-Live	
51	Separation of Businesses	Go-Live	
52	Supply Charges Restriction	Go-Live	The condition included here at Go-Active will be a “default” price control that is based heavily on the existing Schedule 6 price control in NIE plc’s existing licence document. The intention is that a detailed price control will be agreed with the licensee prior to Go-Live.
53	Power Procurement	Go-Live	
54	The PSO Agreement and the PSO Charges	Go-Live	
55	Cost-Reflective Bidding in the Single Electricity Market	Go-Active	
56	Trading and Settlement Code	Go-Active	
57	Intermediary Agreements	Go-Live	
58	Cancellation of Contracts	Go-Live ¹	
59	Independence of the Power Procurement Business	Go-Live	
60	New Electricity Purchase Contracts	Go-Live	
61	Undue Discrimination and Undue Preference	Go-Live	
62	Disposal of Relevant Assets	Go-Live	

¹ A separate consultation exercise is being undertaken in respect of this condition. To the extent that any modification is necessary, such modification will be undertaken under a separate process prior to Go-Active, and the resulting condition will therefore appear in Chapter 1 (and be repeated in Chapter 3 in the same form).

63	Payment Security Policy	Go-Live	
64	Directed Contracts	Go-Live	
65	PPB / TO Interface Agreement	Go-Active	Paragraph 2(a) will refer to 17 October 2007.
66	PPB / TSO Interface Agreement	Go-Active	Paragraph 2(a) will refer to 17 October 2007.
X	Revenue Restriction Condition	Go-Live	The condition included here at Go-Active will be a "default" price control, which provides that the revenue to be recovered must be subject to the Authority's approval. The intention is that a detailed price control will be agreed with the licensee prior to Go-Live.

5.6 NI Supply Licences

It is currently proposed that the Authority will (using its SEM and Directive powers) issue a modification notice which modifies the second-tier supply licences so as to:

- include, with effect from Go-Active, (1) the current licence conditions without modification; (2) the conditions referred to in Sections 5.9 and 5.10; and (3) those conditions referred to below as being effective from Go-Active; and
- comprise, with effect from Go-Live, (1) the licence conditions referred to in Sections 5.9 and 5.10; and (2) all the conditions set out below.

The fact that a condition is referred to below as being effective from Go-Live should not be taken to indicate that it is a new condition, or even that it is being modified. Whether or not a condition should be modified is being considered under the separate consultation exercises, but to the extent that a modification is necessary, such modification will have effect from the date referred to below.

No.	Condition	Effective Date	Comment
1	Interpretation and Construction	Go-Active	Condition A will provide for this condition to apply only in respect of (2) and (3) above prior to Go-Live.
2	Separate Accounts for Separate Businesses	Go-Live	
3	Compliance with Grid Code and Distribution Code	Go-Live	
4	The Market Registration Framework Agreement	Go-Live	
5	Cancellation of Contracts	Go-Live	
6	Security arrangements	Go-Live	
7	Compulsory Acquisition of land	Go-Live	
8	Powers to carry out road works etc	Go-Live	
9	Health and safety of employees	Go-Live	
10	Provision of information to the Authority	Go-Live	
11	Payment of fees	Go-Live	
12	Prohibition of cross-subsidies	Go-Live	
13	Confidential Information and Separation of Businesses	Go-Live	

14	Prohibition of discrimination in supply	Go-Live	
15	Duration of discrimination conditions	Go-Live	
16	Duty to offer terms for meter provision	Go-Live	
17	Procedures for the detection and prevention of theft, damage and meter interference	Go-Live	
18	Licensee's apparatus on Customer's side of meter	Go-Live	
19	Provision on Information to Transmission System Operator and Market Operator	Go-Live	
20	Single Electricity Market Trading and Settlement Code	Go-Active	
21	The PSO Agreement	Go-Live	
22	Supplier of Last Resort	Go-Live	
23	Claims for Last Resort Payments	Go-Live	
24	Standards of Performance	Go-Live	
25	Classification of Premises	Go-Live	
26	Duty to Offer Terms	Go-Live	
27	Terms and Conditions of Electricity Supply Contracts	Go-Live	
28	Deemed Contracts	Go-Live	
29	Approval of the Authority to the Licensee's Arrangements	Go-Live	
30	Code of Practice on payment of bills	Go-Live	
31	Code of practice on vulnerable persons	Go-Live	
32	Code of Practice on efficient use of electricity	Go-Live	
33	Code of Practice on complaint handling	Go-Live	
34	Code of Practice on services for pre-payment meter Customers	Go-Live	

35	Preparation, review of and compliance with Code of Practice	Go-Live	
36	Report on Performance	Go-Live	
37	Relations with the General Consumer Council	Go-Live	
38	Information given to Customers	Go-Live	
39	Security and safety of supplies	Go-Live	
40	Marketing of Electricity to Domestic Customers	Go-Live	

5.7 NI Generator Licences

It is currently proposed that the Authority will (using its SEM and Directive powers) issue a modification notice which modifies the generation licences so as to:

- include, with effect from Go-Active, (1) the current licence conditions without modification; (2) the conditions referred to in Sections 5.9 and 5.10; and (3) those conditions referred to below as being effective from Go-Active; and
- comprise, with effect from Go-Live, (1) the licence conditions referred to in Sections 5.9 and 5.10; and (2) all the conditions set out below.

The fact that a condition is referred to below as being effective from Go-Live should not be taken to indicate that it is a new condition, or even that it is being modified. Whether or not a condition should be modified is being considered under the separate consultation exercises, but to the extent that a modification is necessary, such modification will have effect from the date referred to below.

No.	Condition	Effective Date	Comment
1	Interpretation and Construction	Go-Active	Condition A will provide for this condition to apply only in respect of (2) and (3) above prior to Go-Live.
2	Separate Accounts for Separate Businesses	Go-Live	
3	Prohibition of cross-subsidies and of discrimination	Go-Live	
4	Compliance with Grid Code and Distribution Code	Go-Live	
5	Licensee's system planning	Go-Live	
6	Security arrangements	Go-Live	
7	Central despatch and merit order	Go-Live	
8	System Support Services	Go-Live	
9	[Appointment of operator]	Go-Live	
10	Compulsory acquisition of land	Go-Live	
11	Powers to carry out road works etc	Go-Live	
12	Connection and use of system – requirement to offer terms	Go-Live	
13	Connection and use of system –	Go-Live	

	functions of the Authority		
14	Health and safety of employees	Go-Live	
15	Provision of information to the Authority	Go-Live	
16	Payment of fees	Go-Live	
17	Not Used	Go-Live	
18	Cancellable Generating Unit Agreements	Go-Live ²	
19	Single Electricity Market Trading and Settlement Code	Go-Active	
20	Modification of Supply Competition Code and cancellation of contracts	Go-Live	
21	Provision of Information	Go-Live	
22	Not Used	Go-Live	
23	Cost-Reflective Bidding in the Single Electricity Market	Go-Active	
24	Intermediary Agreement	Go-Live	

² A separate consultation exercise is being undertaken in respect of this condition. To the extent that any modification is necessary, such modification will be undertaken under a separate process prior to Go-Active, so that the generation licences contain the modified condition prior to Go-Active. No further modification is currently envisaged under the transition modifications being considered in this consultation.

5.8 Moyle Licence

It is currently proposed that the Authority will (using its SEM and Directive powers) issue a modification notice which modifies Moyle's transmission licence so as to:

- include, with effect from Go-Active, (1) the current licence conditions without modification; (2) the conditions referred to in Sections 5.9 and 5.10; and (3) those conditions referred to below as being effective from Go-Active; and
- comprise, with effect from Go-Live, (1) the licence conditions referred to in Sections 5.9 and 5.10; and (2) all the conditions set out below.

The fact that a condition is referred to below as being effective from Go-Live should not be taken to indicate that it is a new condition, or even that it is being modified. Whether or not a condition should be modified is being considered under the separate consultation exercises, but to the extent that a modification is necessary, such modification will have effect from the date referred to below.

No.	Condition	Effective Date	Comment
1	Interpretation and construction	Go-Active	Condition A will provide for this condition to apply only in respect of (2) and (3) above prior to Go-Live.
2	Maximisation of Capacity Receipts etc	Go-Live	
3	Delivery of Statutory Accounts	Go-Live	
4	Economic Purchasing of Interconnector Services	Go-Live	
5	Health and Safety of Employees	Go-Live	
6	Provision of Information to the Authority	Go-Live	
7	Provision of information to other persons	Go-Live	
8	Payment of fees	Go-Live	
9	Disposal of relevant assets	Go-Live	
10	Security arrangements	Go-Live	
11	Compliance with Grid Code	Go-Live	
12	Operation and Maintenance Standards, Availability and Quality of Service	Go-Live	

13	Licensee's regulated revenue entitlement	Go-Live	
14	Prohibited Activities	Go-Live	
15	Basis of charges for use of Moyle Interconnector	Go-Live	
16	Non-discrimination in the provision of use of Moyle Interconnector	Go-Live	
17	Requirement to give third party access pursuant to relevant access arrangements	Go-Live	
18	Functions of the Authority	Go-Live	
19	Single Electricity Market Trading and Settlement Code	Go-Active	
20	Restriction on use of certain information	Go-Live	

5.9 Generic transition Conditions

Condition A. Application of Other Licence Conditions

[NI MO and NI TSO]

- 1 Notwithstanding any other provision of the Licence, the following Conditions shall apply as follows:
 - (a) Conditions B and C shall cease to apply on the date 3 months after SEM Go-Live (or such later date as the Authority may direct);
 - (b) Condition D shall cease to apply on the date 18 months after SEM Go-Live (or such later date as the Authority may direct);
 - (c) Conditions [1 etc] shall apply from the date on which the Licence is granted; and
 - (d) Conditions [1 etc] shall apply from SEM Go-Live.
- 2 Where a Condition ceases to apply in accordance with paragraph 1(a) or 1(b), the Conditions shall automatically be modified by the deletion of that Condition.
- 3 Once all of the Conditions referred to in paragraphs 1(a) or 1(b) have been deleted in accordance with paragraph 2, the Conditions shall automatically be modified by the deletion of this Condition A (such deletion being without prejudice to the continued application of the Conditions referred to in paragraph 1(c) or 1(d)).

[NIE plc – this condition occurring as TA in respect of the transmission licence and SA in respect of the public electricity supply licence]

- 1 Notwithstanding any other provision of the Licence, the following Conditions shall apply as follows:
 - (a) Conditions [TB and TC] / [SA and SC] shall cease to apply on the date 3 months after SEM Go-Live (or such later date as the Authority may direct);
 - (b) Condition [TD] / [SD] shall cease to apply on the date 18 months after SEM Go-Live (or such later date as the Authority may direct);
 - (c) the Conditions set out in Chapter 1 shall cease to apply on SEM Go-Live; and
 - (d) save for Conditions [1 etc] which will be effective from the date this Condition becomes effective, the Conditions set out in [Chapter 2] / [Chapter 3] shall only apply from SEM Go-Live.
- 2 Where a Condition ceases to apply in accordance with paragraph 1(a), 1(b) or 1(c), the Conditions shall automatically be modified by the deletion of that Condition.

3 Once all of the Conditions referred to in paragraphs 1(a), 1(b) and 1(c) have been deleted in accordance with paragraph 2, the Conditions shall automatically be modified by the deletion of this Condition A (such deletion being without prejudice to the continued application of the Conditions referred to in paragraph 1(d)).

4 In the event of any inconsistency between the conditions contained in Chapter 1 and the conditions contained in this Chapter that have effect during the period prior to SEM Go-Live, the conditions in this Chapter shall prevail.

[Generation, Supply and Moyle]

5 Notwithstanding any other provision of the Licence, the following Conditions shall apply as follows:

- (a) Conditions B and C shall cease to apply on the date 3 months after SEM Go-Live (or such later date as the Authority may direct); and
- (b) Condition D shall cease to apply on the date 18 months after SEM Go-Live (or such later date as the Authority may direct).

6 Where a Condition ceases to apply in accordance with paragraph 1(a) or 1(b), the Conditions shall automatically be modified by the deletion of that Condition.

7 Once all of the Conditions referred to in paragraphs 1(a) and 1(b) have been deleted in accordance with paragraph 2, the Conditions shall automatically be modified by the deletion of this Condition A.

Condition B. Transition Steps (General)

General Requirement

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

Requirement to Co-operate

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

Requirements to Comply with Directions

- 3 Without prejudice to paragraphs 1 and 2, the Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to comply with the directions made from time to time by the Authority in accordance with paragraph 4 (and shall by so doing be taken to have complied with such direction).
- 4 The Authority may issue directions to the Licensee setting out the steps (including without limitation those referred to in paragraph 5) to be taken (or procured) by the Licensee which are, in the Authority's opinion, appropriate in order to:
 - (a) give full and timely effect to the SEM and Directive Arrangements, so that such authorised electricity operators are able to comply with the SEM and Directive Arrangements that are applicable to them from the time at which they are effective; and/or

- (b) enable Republic of Ireland electricity operators to comply with their statutory or licence obligations to prepare for the Single Electricity Market.
- 5 The directions made by the Authority under paragraph 4 may include requirements regarding the following steps:
- (a) to secure or facilitate the amendment or establishment of any of the core industry documents;
 - (b) to effect the novation of (or other transfer of rights and obligations under) any of the core industry documents from the Licensee or an authorised electricity operator to the Licensee or an authorised electricity operator;
 - (c) for securing the co-ordinated and effective commencement and implementation of, and operations under the Single Electricity Market Trading and Settlement Code (including the testing, trialling and start-up of the systems, processes and procedures employed in such implementation and employed by authorised electricity operators and others in connection with such operations); and
 - (d) for the Licensee, an authorised electricity operator or a Republic of Ireland electricity operator to refer to the Authority for determination disputes regarding the matters referred to in sub-paragraph (d) of the definition of SEM and Directive Arrangements and for the Licensee and authorised electricity operators to comply with any such determination.
- 6 The Authority may, at any time, by a further direction in accordance with paragraph 4 (in order to give (or continue to give) full and timely effect to the matters described in paragraph 4) amend or cancel any direction (or part thereof) previously made under paragraph 4.
- 7 Before making any direction under paragraph 4, the Authority shall consult with the Licensee (and such other persons as the Authority deems appropriate) in such manner as the Authority deems appropriate. The Authority shall serve a copy of any direction made under paragraph 4 on the Licensee.

Requirement not to Frustrate

- 8 Without prejudice to any public or administrative law right, or statutory right, that the Licensee may have to bring any claim against any public body or person, the Licensee shall not take any step, or exercise any right, which is intended to (or which the Licensee should reasonably know is likely to) hinder or frustrate the giving of full and timely effect to:
- (a) the SEM and Directive Arrangements;
 - (b) any directions to authorised electricity operators by the Authority made under a provision of their licences equivalent to paragraph 4; or

- (c) any statutory or licence obligations that require Republic of Ireland electricity operators to prepare for the Single Electricity Market.

Potential Conflict

- 9 If the Licensee becomes aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 4 and its compliance with any other Condition of the Licence, the Licensee shall forthwith give written notice of such conflict to the Authority. Subject to paragraph 10, and provided the Licensee complies with this paragraph 9, the other Conditions of the Licence shall prevail over this Condition in the event of such conflict.
- 10 If there is any conflict between a direction made under paragraph 4 and another requirement of the Licence, the provisions of the direction shall prevail.

Information

- 11 The Licensee shall provide to the Authority, in such manner and at such times as the Authority may reasonably require, such information and shall procure and furnish to it such reports as the Authority may require or deem necessary or appropriate to enable the Authority to monitor the Licensee's compliance with the requirements of this Condition, including (without limitation):
- (a) information as to the Licensee's readiness concerning the SEM and Directive Arrangements that are applicable to it; and
 - (b) status reports concerning the matters referred to in sub-paragraph (d) of the SEM and Directive Arrangements that are applicable to it, and drafts of any legal documents by which such matters are to be achieved.
- 12 If the Licensee becomes aware of any matter or circumstance which it considers will (or which it should reasonably consider likely to) hinder or frustrate the giving of full and timely effect to the SEM and Directive Arrangements that are applicable to it, the Licensee shall promptly inform the Authority of such matter or circumstance.

Definitions

- 13 In this Condition, unless the context otherwise requires:

“core industry documents”

means those documents which:

- (a) are (or are to be) established or required to be entered into pursuant to or in accordance with a licence granted under the Order; or

- (b) are in the Authority's opinion central industry documents associated with the authorised activities of the Licensee or authorised electricity operators and which have been designated as such by the Authority.

“SEM and Directive Arrangements”

means:

- (a) any modifications made (or which the Licensee knows, or should reasonably know, are to be made) to the Licence, or to the licences of any authorised electricity operator, pursuant (in each case) to the SEM Order or the Electricity (Northern Ireland) Regulations 2007³ or the Electricity Order 1992 (Amendment) Regulations (Northern Ireland) 2005;
- (b) the conditions of the Northern Ireland Market Operator Licence and the Transmission System Operator Licence;
- (c) any conditions imposed in any exemption granted pursuant to Article 9 of the Order that reflects a modification referred to in sub-paragraph (a);
- (d) the matters envisaged by the modifications and conditions referred to in sub-paragraphs (a), (b) and (c) (including, without limitation, the establishment, amendment or termination of, or the transfer of rights and obligations under, core industry documents); and
- (e) the proposed transfer to NIE Energy Limited (pursuant to the Electricity (Northern Ireland) Regulations 2007) of the public electricity supply licence previously held by Northern Ireland Electricity plc.

³ We understand that the Department intends to consult on proposed regulations under the European Communities Act 1972 shortly.

Condition C. Transition Steps (Specific)

[The paragraphs to be included in this condition will differ from licensee to licensee. The Authority's proposals are outlined in section 5.10]

Condition D. Run-Off Steps (General)

General Requirement

- 1 The Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to fully and effectively run-off the Pre-SEM Arrangements from SEM Go-Live.

Requirement to Co-operate

- 2 Without prejudice to paragraphs 1 and 3, the Licensee shall cooperate with authorised electricity operators and Republic of Ireland electricity operators (and with the Department, the Authority and such other persons as the Authority may direct) and shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to enable:
 - (a) such authorised electricity operators to comply with their statutory or licence obligations to fully and effectively run-off the Pre-SEM Arrangements from SEM Go-Live;
 - (b) such authorised electricity operators to comply with any directions by the Authority under provision of their licences equivalent to paragraph 4; and
 - (c) such Republic of Ireland electricity operators to comply with their statutory or licence obligations (if any) to fully and effectively run-off the Pre-SEM Arrangements from SEM Go-Live.

Requirements to Comply with Directions

- 3 Without prejudice to paragraphs 1 and 2, the Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to comply with the directions made from time to time by the Authority in accordance with paragraph 4 (and shall by so doing be taken to have complied with such direction).
- 4 The Authority may issue directions to the Licensee setting out the steps to be taken (or procured) by the Licensee which are, in the Authority's opinion, appropriate in order to fully and effectively run-off the Pre-SEM Arrangements from SEM Go-Live.
- 5 The Authority may, at any time, by a further direction in accordance with paragraph 4 (in order to give (or continue to give) full and timely effect to the matters described in paragraph 4) amend or cancel any direction (or part thereof) previously made under paragraph 4.

- 6 Before making any direction under paragraph 4, the Authority shall consult with the Licensee (and such other persons as the Authority deems appropriate) in such manner as the Authority deems appropriate. The Authority shall serve a copy of any direction made under paragraph 4 on the Licensee.

Requirement not to Frustrate

- 7 Without prejudice to any public, administrative or common law right or contractual right that the Licensee may have to bring any claim against any person, the Licensee shall not take any step, or exercise any right, which is intended to (or which the Licensee should reasonably know is likely to) hinder or frustrate the full and effective run-off of the Pre-SEM Arrangements from SEM Go-Live.

Potential Conflict

- 8 If the Licensee becomes aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 4 and its compliance with any other Condition of the Licence, the Licensee shall forthwith give written notice of such conflict to the Authority. Subject to paragraph 9, and provided the Licensee complies with this paragraph 8, the other Conditions of the Licence shall prevail over this Condition in the event of such conflict.
- 9 If there is any conflict between a direction made under paragraph 4 and another requirement of the Licence, the provisions of the direction shall prevail.

Information

- 10 The Licensee shall provide to the Authority, in such manner and at such times as the Authority may reasonably require, such information and shall procure and furnish to it such reports as the Authority may require or deem necessary or appropriate to enable the Authority to monitor the Licensee's compliance with the requirements of this Condition, including (without limitation)
- 11 If the Licensee becomes aware of any matter or circumstance which it considers will (or which it should reasonably consider likely to) hinder or frustrate the full and effective run-off of the Pre-SEM Arrangements from SEM Go-Live.

Definitions

- 12 In this Condition, unless the context otherwise requires:

“core industry documents” means those documents which

(a) are established or required to be entered into pursuant to or in accordance with a licence

granted under the Order; or

- (b) are in the Authority's opinion central industry documents associated with the authorised activities of the Licensee or authorised electricity operators and which have been designated as such by the Authority.

"Pre-SEM Arrangements"

means:

- (a) the Supply Competition Code;
- (b) the Interim Settlement Code and Interim Settlement Agreement;
- (c) the renewable output factor arrangements;
- (d) the small renewable spill arrangements;
- (e) the top-up and standby arrangements; and
- (f) any other core industry document as the Authority may direct for the purposes of this definition.

"run-off"

means, in relation to any arrangements, the bringing to an end of those arrangements, which shall include the determination and settlement (including by way of reconciliation) of electricity and payments in connection with periods up to and including the point at which such arrangements are brought to an end.

5.10 Licence Specific Transition Conditions

Transition Specifics – Condition C

Set out in this section are the conditions that we propose including in the Condition C referred to in Section 5.9. The Condition C provisions to be included in licences differ from class of licensee to class of licensee.

In the case of NIE plc, references in this section to NIE TO&D indicate that the requirement will be included in Condition TC, whereas references to NIE Energy indicate that the requirement will be included at Condition SC. Prior to Go-Live, both requirements will actually apply to NIE plc.

Licensee Specific Licence Obligations

Licensee	Comment	Licence Wording
NI MO	The systems of the NI MO will be crucial to the operation of the new wholesale market. It is therefore important that its systems are ready, and that it assists others in testing interoperability with their own systems.	<p>The Licensee shall:</p> <p>(a) undertake such testing, trialling and start-up of the systems, processes and procedures to be employed in the Market Operation Activity (including the Single Electricity Market Trading and Settlement System) as is reasonable in the circumstances;</p> <p>(b) cooperate with authorised electricity operators and Republic of Ireland electricity operators who wish to test and trial systems employed by them in connection with the Single Market Operation Business's systems, processes and procedures (such cooperation to include provision of meter data); and</p> <p>(c) cooperate with the Authority in relation to any audit by the Authority of the Single Market Operation Business's systems, processes and procedures.</p>
NI SO NIE T&D	The systems of the NI SO and NIE T&D (as DSO) will also be significant in relation to their roles as Meter Data Providers under the TSC and as system operators generally.	<p>The Licensee shall:</p> <p>(a) undertake such testing, trialling and start-up of its systems, processes and procedures to the extent appropriate in the circumstances;</p> <p>(b) cooperate with authorised electricity operators and Republic of Ireland electricity operators who wish to test and trial systems employed by them in connection with its systems, processes and</p>

		<p>procedures; and</p> <p>(c) cooperate with authorised electricity operators who wish to test and trial systems employed by them in connection with the Single Market Operation Business's systems, processes and procedures (such cooperation to include provision of meter data).</p>
NIE Energy	<p>NIE plc is in a slightly different situation to other licensees in that during the transition period it will hold a public electricity supply licence that will be transferred to NIE Energy Limited on Go-Live. The Authority considers it appropriate to recognise this in respect of the obligations imposed on NIE plc under Conditions B and D. Furthermore, where NIE plc is obliged (as T or D) to enter into an agreement with itself (as PES), NIE plc should actually procure that NIE Energy enters into that agreement.</p>	<p>The Licensee shall comply with the requirements of Conditions SB and SD so as to enable NIE Energy Limited (as the prospective licensee under the licence which will contain the conditions set out in Chapter 3) rather than itself to:</p> <p>(a) comply with those modifications, conditions and matters referred to in Condition SB; and</p> <p>(b) run-off the arrangements referred to in Condition SD.</p> <p>Where the Licensee (as the holder of a transmission licence) is obliged, by this Condition TC, to enter into an agreement with itself (as the holder of a supply licence), the Licensee shall instead enter into an agreement with NIE Energy Limited (as the prospective licensee under the licence which will contain the conditions set out in Chapter 3).</p>

Document Specific Licence Obligations

Document	Licensee(s)	Comment	Licence Wording
Single Electricity Market Trading and Settlement Code	NI MO	The NI MO is under specific related obligations outlined above. The TSC contains its own transitional provisions. No additional transition conditions are required.	n/a
Market Operator Agreement	NI MO	The relevant condition is to be effective from Go-Active, and the NI MO will be expected to accede to the document on or before Go-Active. No	n/a

		additional transition conditions are required.	
System Operator Agreement	NI SO and NI MO	<p>The relevant condition in the NI SO licence will be effective from Go-Active, but will contain an effective date of 1 October 2007, so requiring the NI SO to enter into that document by that date.</p> <p>The NI MOs role under the SOA is less significant. The relevant condition in the NI MO licence will not become effective until GO-Live. It is envisaged that the NI MOs will enter into the SOA some time before then.</p> <p>No additional transition conditions are required.</p>	n/a
Transmission Interface Arrangements	NI TSO and NIE T&D	<p>The relevant conditions will be effective from Go-Active, and will require the licensees to enter into the document on the date of its designation (not to occur before 1 September 2007).</p> <p>The Authority will need to be involved in the development of this document, and to consult on its contents.</p>	<p>Without prejudice to the Authority's ability to designate, as the TIA, such document as the Authority considers appropriate (having undertaken such consultation as the Authority considers appropriate), the Licensee shall, by 14 August 2007 (or such later date as the Authority may direct), submit to the Authority either:</p> <p>(a) a draft TIA with which both proposed parties thereto are content; or</p> <p>(b) a draft TIA including those provisions with which both proposed parties thereto are content, and which highlights those matters in the draft TIA that remain in dispute between those parties.</p>
PPB / TO Interface Agreement	NIE T&D and	The relevant conditions will be effective from Go-Active, and will require the licensees to enter into the document on the date of its designation	Without prejudice to the Authority's ability to designate, as the PTIA, such document as the Authority considers appropriate (having undertaken such consultation as the Authority considers

	NIE Energy	<p>(not to occur before 1 September 2007).</p> <p>The Authority will need to be involved in the development of this document, and to consult on its contents.</p>	<p>appropriate), the Licensee shall, by 14 September 2007 (or such later date as the Authority may direct), submit to the Authority either:</p> <p>(a) a draft PTIA with which both proposed parties thereto are content; or</p> <p>(b) a draft PTIA including those provisions with which both proposed parties thereto are content, and which highlights those matters in the draft PTIA that remain in dispute between those parties.</p>
PPB / TSO Interface Agreement	NI TSO and NIE Energy	<p>The relevant conditions will be effective from Go-Active, and will require the licensees to enter into the document on the date of its designation (not to occur before 1 September 2007).</p> <p>The Authority will need to be involved in the development of this document, and to consult on its contents.</p>	<p>Without prejudice to the Authority's ability to designate, as the PSIA, such document as the Authority considers appropriate (having undertaken such consultation as the Authority considers appropriate), the Licensee shall, by 14 September 2007 (or such later date as the Authority may direct), submit to the Authority either:</p> <p>(a) a draft PSIA with which both proposed parties thereto are content; or</p> <p>(b) a draft PSIA including those provisions with which both proposed parties thereto are content, and which highlights those matters in the draft PSIA that remain in dispute between those parties.</p>
Grid Code	NI TSO	<p>The relevant condition will be effective from Go-Live, and provides that the document to apply initially is that designated by the Authority.</p> <p>The Authority will need to be involved in the development of this document, and to ensure adequate consultation has been undertaken</p>	<p>Without prejudice to the Authority's ability to approve, as the GC, such document as the Authority considers appropriate (having undertaken such consultation as the Authority considers appropriate), the Licensee shall:</p> <p>(a) by 1 September 2007 (or such later date as the</p>

		concerning its contents.	<p>Authority may direct), submit to the Authority a draft GC which it believes meets the prospective requirements of the Licence;</p> <p>(b) incorporate within that draft GC such comments and changes as the Authority may direct;</p> <p>(c) by such subsequent date as the Authority may direct, undertake a consultation regarding the draft GC (incorporating such comments and changes) with those authorised electricity operators likely to be materially affected by its contents; and</p> <p>(d) by such subsequent date as the Authority may direct, report to the Authority on the outcome of such consultation.</p>
Distribution Code	NIE T&D	<p>The relevant condition will be effective from Go-Live, and provides that the document to apply initially is that designated by the Authority.</p> <p>The Authority will need to be involved in the development of this document, and to ensure adequate consultation has been undertaken concerning its contents.</p>	<p>Without prejudice to the Authority's ability to approve, as the DC, such document as the Authority considers appropriate (having undertaken such consultation as the Authority considers appropriate), the Licensee shall:</p> <p>(a) by 1 September 2007 (or such later date as the Authority may direct), submit to the Authority a draft DC which it believes meets the prospective requirements of the Licence;</p> <p>(b) incorporate within that draft DC such comments and changes as the Authority may direct;</p> <p>(c) by such subsequent date as the Authority may direct, undertake a consultation regarding the draft DC (incorporating such comments and changes) with those authorised electricity operators likely to</p>

			<p>be materially affected by its contents; and</p> <p>(d) by such subsequent date as the Authority may direct, report to the Authority on the outcome of such consultation.</p>
PSO Agreement	NIE T&D and NIE Energy (as PPB)	<p>PSO charges may be collected by NIE T&D, by PPB or by both of them (as directed by the Authority).</p> <p>The relevant conditions will be effective from Go-Live, and provides that the document to apply initially is that designated by the Authority.</p> <p>The Authority will need to be involved in the development of this document, and to ensure adequate consultation has been undertaken concerning its contents.</p>	<p>Without prejudice to the Authority's ability to designate, as the PSO Agreement, such document as the Authority considers appropriate (having undertaken such consultation as the Authority considers appropriate), the Licensee shall, where directed to do so by the Authority, submit to the Authority, by 1 September 2007 (or such later date as the Authority may direct), a draft PSO Agreement for the Authority's consideration.</p>
Market Registration Code	NIE T&D	<p>The MRC will need to be altered with effect from Go-Live. The MRC contains a modification process which results in change reports being submitted to the Authority for acceptance.</p>	<p>The Licensee shall ensure that, by 14 September 2007 (or such later date as the Authority may direct), a Change Report (as defined in the Market Registration Code) which meets the "objective" is submitted to the Authority in accordance with the Market Registration Code. Where the "objective" is to set out those changes to the Market Registration Code that are necessary in order to enable the Market Registration Code to meet the requirements set out in Chapter 2 in respect of the Market Registration Code, the Market Registration Service and the Market Data Service.</p>
Transmission Use of System	NI TSO	<p>The relevant enduring conditions are to be effective from Go-Live. A route to Go-Live is</p>	<p>The Licensee shall, by 1 September 2007 (or such later date as the Authority may direct), submit to the</p>

<p>Agreements</p>	<p>and Suppliers (including NIE Energy) / NIE Energy (as PPB) / Generators (but not in respect of the cancellable generating unit agreements)</p>	<p>therefore necessary. New agreements will be entered into based on the existing UoSA with NIE.</p>	<p>Authority either: (a) a draft TUoSA with which both proposed parties thereto are content; or (b) a draft TUoSA including those provisions with which both proposed parties thereto are content, and which highlights those matters in the draft TUoSA that remain in dispute between those parties. The Licensee shall enter into a TUoSA in such form as the Authority may designate (having regard to the provisions of any existing agreement with NIE, the draft TUoSA submitted to the Authority, any responses received in connection with any consultation concerning the same, and such other matters as the Authority considers appropriate), and the Licensee shall enter into such document within 7 days of such designation.</p>
<p>Transmission Connection Agreements</p>	<p>NI TSO and NIE T&D and Generators</p>	<p>The relevant enduring conditions are to be effective from Go-Live. A route to Go-Live is therefore necessary. The existing connection agreement with NIE plc will be novated to the NI TSO (subject to certain amendments).</p>	<p>The Licensee shall, by 1 September 2007 (or such later date as the Authority may direct), submit to the Authority either: (a) a draft agreement to novate and amend the existing connection agreement with which all three proposed parties thereto are content; or (b) a draft agreement to novate and amend the existing connection agreement including those provisions with which all three proposed parties thereto are content, and which highlights those matters in the draft agreement that remain in dispute between those parties. The Licensee shall enter into an agreement that</p>

			novates and amends the existing connection agreement in such form as the Authority may designate (having regard to the provisions of the existing agreement with NIE, the draft agreement submitted to the Authority, any responses received in connection with any consultation concerning the same, and such other matters as the Authority considers appropriate), and the Licensee shall enter into such document within 7 days of such designation.
Transmission Applications / Offers	NIE T&D	Any transmission applications received by, or offers made by NIE prior to Go-Live will need to be considered in light of the proposed arrangements and will also need to be transferred to the NI TSO on Go-Live.	<p>The Licensee shall ensure that any applications regarding use of, or connection to, the transmission system, that it receives after this Condition becomes effective and before SEM Go-Live, are progressed in cooperation with the TSO.</p> <p>The Licensee shall ensure that any offers to enter into an agreement for use of, or connection to, the transmission system that it makes after this Condition becomes effective and before SEM Go-Live:</p> <p>(a) are made so as to be offers by the Licensee if accepted prior to SEM Go-Live and offers by the TSO if accepted after SEM Go-Live;</p> <p>(b) contain connection or use of system terms (as the case may be) that are, in so far as possible, consistent with the terms that the Authority has designated in respect of similar agreements with the same class of generator (or with the terms the Licensee reasonably believes the Authority will so</p>

			<p>designate); and</p> <p>(c) contain connection or use of system terms (as the case may be) that (if accepted prior to SEM Go-Live) provide for the automatic transfer of the agreement from the Licensee to the TSO at SEM Go-Live.</p>
<p>Distribution Use of System Agreements</p>	<p>NIE T&D and Suppliers (excluding NIE Energy)</p>	<p>The relevant enduring conditions are to be effective from Go-Live. A route to Go-Live is therefore necessary.</p> <p>New agreements will be entered into based on the existing UoSA with NIE, but NIE Energy and PPB do not have existing agreements.</p> <p>Standard[</p>	<p>[NIE T&D only]</p> <p>The Licensee shall, by 1 September 2007 (or such later date as the Authority may direct), submit to the Authority:</p> <p>(a) a draft agreement to amend the existing UoSAs on which it has consulted with counterparties and other persons likely to be materially affected thereby; and</p> <p>(b) copies of the written responses received in respect of that consultation.</p> <p>[NIE T&D and Suppliers]</p> <p>The Licensee shall enter into an agreement that amends the existing UoSAs in such form as the Authority may designate (having regard to the provisions of any existing agreement, the draft agreement submitted to the Authority, any responses received in connection with any consultation concerning the same, and such other matters as the Authority considers appropriate), and the Licensee shall enter into such document within 7 days of such designation.</p>

<p>NIE Energy Distribution Use of System Agreements</p>	<p>NIE T&D and NIE Energy</p>	<p>The relevant enduring conditions are to be effective from Go-Live. A route to Go-Live is therefore necessary.</p> <p>New agreements will be entered into based on the existing UoSA with NIE, but NIE Energy does not have existing agreements.</p>	<p>The Licensee shall, by 1 September 2007 (or such later date as the Authority may direct), submit to the Authority either:</p> <p>(a) a draft DUoSA with which both proposed parties thereto are content; or</p> <p>(b) a draft DUoSA including those provisions with which both proposed parties thereto are content, and which highlights those matters in the draft DUoSA that remain in dispute between those parties.</p> <p>The Licensee shall enter into a DUoSA in such form as the Authority may designate (having regard to the proposed provisions of similar agreements with other system users, the draft DUoSA submitted to the Authority, any responses received in connection with any consultation concerning the same, and such other matters as the Authority considers appropriate), and the Licensee shall enter into such document within 7 days of such designation.</p>
<p>Distribution Connection Agreements</p>	<p>NIE T&D and Generators</p>	<p>The relevant enduring conditions are to be effective from Go-Live. A route to Go-Live is therefore necessary.</p>	<p>[NIE T&D only]</p> <p>The Licensee shall, by 1 September 2007 (or such later date as the Authority may direct), submit to the Authority:</p> <p>(a) a draft agreement to amend the existing CAs on which it has consulted with counterparties and other persons likely to be materially affected thereby; and</p> <p>(b) copies of the written responses received in respect of that consultation.</p>

			<p>[NIE T&D and Generators]</p> <p>The Licensee shall enter into an agreement that amends the existing CAs in such form as the Authority may designate (having regard to the provisions of any existing agreement, the draft agreement submitted to the Authority, any responses received in connection with any consultation concerning the same, and such other matters as the Authority considers appropriate), and the Licensee shall enter into such document within 7 days of such designation.</p>
Distribution Applications / Offers	NIE T&D	Any transmission applications received by, or offers made by NIE prior to Go-Live will need to be considered in light of the proposed arrangements.	The Licensee shall ensure that any offers to enter into an agreement for use of, or connection to, the distribution system, that it makes after this Condition becomes effective and before SEM Go-Live, contain connection or use of system terms (as the case may be) that are, in so far as possible, consistent with the terms that the Authority has designated in respect of similar agreements with the same class of generator (or with the terms the Licensee reasonably believes the Authority will so designate).
NIE Power Purchase Agreements (including legacy agreements)	NIE T&D and NIE Energy and Generators	<p>The Authority understands that the Department intends to put in place a statutory transfer scheme that would transfer the PPAs to which NIE plc is currently party to NIE Energy Limited. The Authority understands that the Department intends to consult on these arrangements shortly.</p> <p>The PPAs may, however, require amendment in</p>	<p>The Licensee shall, by 1 September 2007 (or such later date as the Authority may direct), submit to the Authority either:</p> <p>(a) a draft agreement to amend the existing PPA with which both proposed parties thereto are content; or</p> <p>(b) a draft agreement to amend the existing PPA</p>

		<p>order to reflect the new market arrangements. This will certainly be the case in respect of the legacy agreements, in order to reflect the new intermediary arrangements.</p>	<p>including those provisions with which both proposed parties thereto are content, and which highlights those matters in the draft agreement that remain in dispute between those parties.</p> <p>The Licensee shall enter into an agreement to amend the existing PPA in such form as the Authority may designate (having regard to the provisions of the draft agreement submitted to the Authority, any responses received in connection with any consultation concerning the same, and such other matters as the Authority considers appropriate), and the Licensee shall enter into such document within 7 days of such designation.</p>
<p>Intermediary Agreements</p>	<p>NIE Energy (as PPB) and Generators</p>	<p>New agreements will need to be developed to meet the requirements of the licence.</p>	<p>The Licensee shall, by 1 September 2007 (or such later date as the Authority may direct), submit to the Authority either:</p> <p>(a) a draft IA with which both proposed parties thereto are content; or</p> <p>(b) a draft IA including those provisions with which both proposed parties thereto are content, and which highlights those matters in the draft agreement that remain in dispute between those parties.</p> <p>The Licensee shall enter into an IA in such form as the Authority may designate (having regard to the provisions of the draft agreement submitted to the Authority, any responses received in connection with any consultation concerning the same, and such other matters as the Authority considers appropriate), and the Licensee shall enter into such</p>

			document within 7 days of such designation.
System Support Service Agreements	NIE T&D and NI TSO and Generators	The agreements need to be transferred from NIE T&D to the NI TSO (and amended as appropriate). Some agreements are directly with generators; others are with PPB	<p>The Licensee shall, by 1 September 2007 (or such later date as the Authority may direct), submit to the Authority either:</p> <p>(a) a draft agreement to novate (with amendment where appropriate) the current SSSA from the TO to the TSO with which all three proposed parties thereto are content; or</p> <p>(b) a draft agreement to novate (with amendment where appropriate) the current SSSA from the TO to the TSO including those provisions with which all three proposed parties thereto are content, and which highlights those matters in the draft agreement that remain in dispute between those parties.</p> <p>The Licensee shall enter into an agreement that novates (with amendment where appropriate) the existing SSSA in such form as the Authority may designate (having regard to the provisions of any existing agreement, the draft agreement submitted to the Authority, any responses received in connection with any consultation concerning the same, and such other matters as the Authority considers appropriate), and the Licensee shall enter into such document within 7 days of such designation. Such document shall provide that it is to be effective from SEM Go-Live.</p>
System Support Arrangements	NI TSO	The legacy power purchase agreements (PSAs and GUAs) will be transferred from NIE plc to	The Licensee shall, by 1 September 2007 (or such later date as the Authority may direct), submit to the

with PPB	and NIE Energy (as PPB)	NIE Energy Limited (see above). NIE Energy Limited (as PPB) will then procure that certain system support services are provided to the NI TSO.	<p>Authority either:</p> <p>(a) a draft SSSA with which both proposed parties thereto are content; or</p> <p>(b) a draft SSSA including those provisions with which both proposed parties thereto are content, and which highlights those matters in the draft agreement that remain in dispute between those parties.</p> <p>The Licensee shall enter into an SSSA in such form as the Authority may designate (having regard to the provisions of the draft agreement submitted to the Authority, any responses received in connection with any consultation concerning the same, and such other matters as the Authority considers appropriate), and the Licensee shall enter into such document within 7 days of such designation. Such document shall provide that it is to be effective from SEM Go-Live.</p>
Moyle Interconnector Capacity Framework Agreement	Moyle	<p>The relevant condition will be effective from Go-Live, and provides that the arrangements must be approved by the Authority.</p> <p>The Authority will need to be involved in the development of this document, and to ensure adequate consultation has been undertaken concerning its contents.</p>	The Licensee shall, by 1 September 2007 (or such later date as the Authority may direct) and having undertaken such consultation as it reasonably considers appropriate, submit to the Authority a draft MICFA for approval.
Moyle Collection Agency Agreement	Moyle and	This agreement needs to be amended so that it is consistent with the new regime, but also transferred from NIE plc to the NI TSO.	<p>The Licensee shall, by 30 September 2007 (or such later date as the Authority may direct), either:</p> <p>(a) enter into an agreement novating the MCAA</p>

	NI TSO and NIE T&D		<p>from the TO to the NI TSO (and, to the extent appropriate, amending that agreement); or</p> <p>(b) submit to the Authority a draft of such an agreement including those provisions with which the three proposed parties thereto are content, and highlighting those matters in the draft agreement that the Licensee wishes the Authority to settle.</p> <p>Where sub-paragraph (b) applies, the Licensee shall enter into an agreement novating the MCAA from the TO to the NI TSO (and, to the extent appropriate, amending that agreement) on the terms settled by the Authority, and shall do so within 7 days of the Authority so settling them.</p>
Moyle Operation Agency Agreement	Moyle and NI TSO	This agreement need only be amended to be consistent with the new regime.	<p>The Licensee shall, by 30 September 2007 (or such later date as the Authority may direct), either:</p> <p>(a) enter into an agreement amending the MOAA; or</p> <p>(b) submit to the Authority a draft of such an agreement including those provisions with which both the proposed parties thereto are content, and highlighting those matters in the draft agreement that the Licensee wishes the Authority to settle.</p> <p>Where sub-paragraph (b) applies, the Licensee shall enter into an agreement amending the MOAA on the terms settled by the Authority, and shall do so within 7 days of the Authority so settling them.</p>
System Value Agreement	NI TSO Coolkeeragh	The application of this agreement needs to be reviewed.	The Licensee shall review the application of the SVA in the context of the Single Electricity Market,

	(generator)		<p>and shall, by 1 September 2007 (or such later date as the Authority may direct), submit to the Authority either:</p> <p>(a) a draft agreement that either amends or terminates the SVA (as appropriate), and with which both proposed parties thereto are content; or</p> <p>(b) a draft agreement that either amends or terminates the SVA (as appropriate), and which includes those provisions with which both proposed parties thereto are content, and which highlights those matters in the draft agreement that remain in dispute between those parties.</p> <p>The Licensee shall enter into an agreement that either amends or terminates the SVA (as appropriate) in such form as the Authority may designate, and the Licensee shall enter into such document within 7 days of such designation. Such document shall provide that it is to be effective from SEM Go-Live.</p>
Payment Security Policies	NI TSO and NIE T&D and NIE Energy (as PPB)	NIE currently has payment security policies in respect of certain regulated revenues (T&D, PPB, PSO and SSS). These may need to be revised and will become the policies of the TSO and PPB (as well as T&D).	The Licensee shall, by 1 September 2007 (or such later date as the Authority may direct) and having undertaken such consultation as it reasonably considers appropriate, submit to the Authority a draft PSP for approval.
NIE Energy Deemed Supply	NIE Energy	New deemed supply contracts will be required by NIE Energy.	The Licensee shall, by 14 September 2007 (or such later date as the Authority may direct) and having

Contracts			undertaken such consultation as it reasonably considers appropriate, submit to the Authority a draft deemed supply contract for approval.
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