



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

**Notification to Generation Licensees of Proposed
Amendments to Electricity Generation Licences for the
Single Electricity Market**

Information Note

**AIP-SEM-07-139
CER/07/059**

4 May, 2007

BACKGROUND:

A single electricity market for the island of Ireland (SEM) will come into operation on 1 November 2007 (the Go-Live Date). In addition, a period of preparation for SEM during which, inter alia, market trials will be conducted is expected to commence on 3 July 2007 (the Go-Active Date).

In order to give full effect to the SEM, it will be necessary to amend the conditions of generation licences granted by the Commission for Energy Regulation (CER) under section 14(1)(a) of the Electricity Regulation Act 1999. Pursuant to the power to modify licence conditions contained in section 14A of the Electricity Regulation Act 1999 (to be inserted by section 13 of the Electricity Regulation (Amendment) (Single Electricity Market) Act 2007), the CER proposes to modify the conditions of generation licences for the period from the Go-Active Date to the Go-Live Date and from the Go-Live Date onwards.

Section 14A(4) of the Electricity Regulation Act 1999 (to be inserted by section 13 of the Electricity Regulation (Amendment) (Single Electricity Market) Act 2007) requires the CER to consult on the proposed modifications.

PROPOSED MODIFICATIONS:

As discussed above, to give effect to the Single Electricity Market, proposed modified generation licences are attached. This note details the proposed amendments to the following three licences to be modified:

- Generic Generation Licence
- Synergen Generation Licence
- ESB Power Generation Licence

Each generation licence has been modified twice: one licence is to apply from Go-Active Date to Go-Live Date, the other is to apply from Go-Live Date onwards. Please see a brief explanation of the proposed modifications:

- Conditions have been inserted into ESB Power Generation's licence to facilitate their offering Directed Contracts as part of the Market Power Mitigation Strategy.
- Conditions governing the bidding behaviour of licensed generators in the SEM have been included in all licences. The Commission has drafted these conditions with enforceability in mind.

- Ringfencing conditions (those governing the separation of generation business from other businesses in ESB for example) will remain as is, except for the requirement for certification on an annual basis by a relevant officer within ESB and Viridian that ESB Power Generation and the Public Procurement Business respectively will comply with their licence in the coming year.
- All licensees are required to become members of the Trading and Settlement Code for the Single Electricity Market.
- A new condition has been included to allow for a licensee to appoint an intermediary who could accede to the Trading and Settlement Code on their behalf.
- A number of modifications have been made to ensure consistency of the licence with the new market.

Transitional conditions (which are obligations on licence holders to facilitate testing in advance of SEM) are also of relevance to licence holders. These are being consulted upon separately and are available on the All Island Project website at <http://www.allislandproject.org/> (AIP-SEM-07-137).

INVITATION TO COMMENT:

You are invited to comment on the proposed modifications. Please submit your comments to Dana Kelleher by email (DKelleher@cer.ie) or by letter to:

The Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24.

The closing date for receipt of comments is 25 May 2007.