



Single Electricity Market and Introduction of the EU Directive 2003/54/EC

**Proposed Conditions of the Licence to Participate in the Transmission of
Electricity for Moyle**

Response to Industry Comments and Conclusions

22nd May 2007

(AIP/SEM/07/206)

1. Background

On 13th March 2007 the Regulatory Authorities published a consultation on the “Proposed Conditions of the Moyle Licence to Participate in Transmission” to apply to NIE from November 2007¹. In response to this consultation the RAs received non confidential submissions from:

- Moyle
- NIE

In light of these responses, following further consideration of the licences the RAs are now issuing conclusions document outlining our responses to individual suggestions or queries raised and concluding upon the form of the enduring conditions of the Moyle licence that is proposed will apply from SEM/Directive go-active in July 2007. It is noted that a separate consultation is being undertaken on the transitional conditions proposed to apply to this licence. It is recognised that the need for consequential amendments to this licence might emerge following the consideration of responses to other licences that are yet to be finalised for SEM/Directive go-active.

2. Next Steps

The conditions set out in this conclusions document are expected to be those proposed by the Authority to apply to Moyle from SEM/Directive Go-active, planned for 3rd July 2007. These conditions will be further amended by the transitional conditions also applying from that date. As noted above, these are the subject of a separate consultation exercise.

¹ <http://www.allislandproject.org/GetAttachment.aspx?id=a5e91a91-f7e8-4aab-aced-f04ee9bc2f15>

3. Response to Comments from Interested Parties

Condition	Comment	Respondent	Regulatory Response
<p>Condition 1 (Interpretation and Construction)</p>	<p>“authorised electricity operator” – this definition would not capture the market operator and consideration needs to be given to whether the MO should be involved, for example, in consultations in relation to the review of access arrangements for the Moyle Interconnector.</p> <p>“Authority” – we understand that references to “Northern Ireland Authority for Energy Regulation” will need to change to “Northern Ireland Authority for Utility Regulation”. This is required for all documents.</p> <p>“Single Electricity Market Trading and Settlement Code” – this is defined by reference to the TSO licence which in turn defines by reference to the market operator licence. It would be better to simply refer here to the market operator licence.</p> <p>“transmission system operator” – the words “...who shall initially be SONI...” implies that SONI may not retain this function. The definition should refer to the “holder of the transmission system operator licence who from time to time is authorised etc.”.</p>	<p>NIE</p>	<p>The RAs have reviewed these comments and update the licence appropriately.</p>

	<p>“transmission system operator licence” – this should be defined in a similar way to the “transmission owner licence”, i.e. by reference to Article 10(b) of the Order and to SONI as holder of that licence.</p>		
<p>Condition 3(4) (Delivery of Statutory Accounts)</p>	<p>This amendment places an obligation on the licensee to procure something that we know it will not be possible to obtain. While the licensee will not be in breach of this condition if it cannot obtain the report, it does place an obligation on it to seek the report which is an unnecessary waste of time and resources given that it cannot be obtained. Furthermore such a report is not a requirement of the Directive, nor could the Regulator rely on such a report to discharge its duties under the Directive. We believe these comments apply equally to all licensees and that the following proposed wording would be appropriate for the Moyle licence, with equivalent wording for other licences:</p> <p>“The licensee shall ensure that the auditor’s report referred to in paragraph 2 verifies whether or not (in their opinion) there is no discrimination by the licensee between system users or classes of system users, particularly in favour of its related undertakings or cross-subsidisation between the Interconnector Business and any other business of the licensee, its affiliates or related undertakings.”</p>	<p>Moyle</p>	<p>The RAs accept this comment (and equivalent comments made in response to the consultation on NIE’s licence to participate in transmission).</p> <p>The RAs now propose to adopt the standard licence GB drafting for the relevant Northern Ireland licences.</p>

<p>Condition 5 (Health and Safety of Employees)</p>	<p>This condition requires the licensee to work jointly with other licensees. There should therefore be a common condition in all licences. The revised condition agreed with NIAER some time ago is now in the TSO licence. The other licences should replicate that condition.</p>	<p>NE</p>	<p>The RAs have considered further the comments raised in relation to this condition (and equivalent conditions in other licences) and accept that in light of the proposed condition in the draft SO licence, it would be appropriate to amend this condition to ensure consistency.</p>
<p>Condition 7 (Provision of information to other persons)</p>	<p>The obligation here has changed such that the licensee must provide such information to other transmission system operators or distribution system operators with whom the Moyle Interconnector is connected to ensure the secure and efficient operation, co-ordinated development and interoperability of the Moyle Interconnector and such other system. Previously, the obligation had also been to furnish any other transmission licensee or system operator such information to enable that transmission licensee or system operator to comply with its licence obligations or other e.g. statutory obligations.</p> <p>This change could represent a real risk for NIE and SONI as transmission licensees that information that is required to fulfil their licence obligations no longer has to be provided under this licence condition. What is the reason for this change?</p>	<p>NIE</p>	<p>The RAs accept this comment and have made appropriate changes.</p>
<p>Condition 13</p>	<p>In paragraph 7(c) the reference in the last</p>	<p>NIE</p>	<p>The RAs agree with this change.</p>

(Licensee's regulated revenue entitlement)	sentence should be to the transmission system operator licence.		
Condition 14 (prohibited activities)	Why has the prohibition on participating in other forms of transmission been deleted from this condition?	NIE	Moyle will be permitted to participate in transmission, although it should be noted that their authorised area will not change and consequently Moyle will not, under the terms of this licence be permitted to participate in transmission anywhere in Northern Ireland once the proposed changes are made.
Condition 19 (SEM and T&SC)	<p>It is possible that the Interconnector may be de-registered for a number of reasons that are either legitimate and/or not attributable to any action or omission by the licensee. Even so, if the Interconnector was de-registered for any of these reasons the licensee would be in breach of this condition as it is proposed to be drafted. We propose re-drafting the entire condition as follows:</p> <p>"The Licensee shall accede to the Single Electricity Market Trading and Settlement Code, register the Moyle Interconnector pursuant to the Code, and comply with the Code insofar as applicable to it in its capacity as the owner of the Moyle Interconnector."</p>	Moyle	The RAs accept this comment and have re-drafted the condition accordingly.
Condition 20 (Restriction on use of certain	We note that the provisions dealing with the restriction on use of certain information remain largely unchanged. This is different to the	NIE	The more extensive provisions in the NIE and SONI licences reflect the fact that at go-active, it is expected that NIE and SONI will ultimately

information)	approach taken in relation to the draft NIE and SONI licences where the provisions have changed markedly. Is there a reason for this difference in approach?		remain part of the Viridian group with affiliates carrying out a multitude of various activities in the SEM, including generation, and supply. This is not the case for Moyle and consequently a more limited scope of changes was considered necessary.