

Consultation Paper AIP-SEM-07-48 dated 13th March 2007

Moyle Interconnector Limited (“Moyle”) Licence Document - Consultation Draft

Moyle comments

We note the Regulatory Authorities’ statement that only relatively minor and consequential amendments are needed to the conditions of Moyle’s existing transmission licence as part of the introduction of the SEM and EU Directive. We are in agreement with this approach and are content with the majority of the proposed amendments to Moyle’s licence as set out in the Consultation Draft. There are, however, two of the proposed amendments which we consider would impose obligations on Moyle beyond those necessary for the introduction of the SEM and EU Directive and on which we have material comments, which we set out below.

Condition	Amendment in the Consultation Draft	Moyle comment
Part IIB, Condition 3(4) (Delivery of Statutory Accounts)	The amendment requires the licensee to use reasonable endeavours to procure a report by the Auditors and addressed to the Authority verifying that the internal accounting and financial reporting arrangements are implemented in such a way as to ensure there is no discrimination by the licensee.	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: “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.”
Part IIE, Condition 19 (SEM and T&SC)	The following obligation has been inserted: “The Licensee shall accede to the Single Electricity Market Trading and Settlement Code and comply with the Code insofar as applicable to it in its capacity as the owner of the Moyle Interconnector. The licensee shall ensure that the Moyle Interconnector is, at all times, registered under and in accordance with the Single Electricity Market	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: “The Licensee shall accede to the Single Electricity Market Trading and Settlement

Condition	Amendment in the Consultation Draft	Moyle comment
	Trading and Settlement Code.”	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.”