



AIP-SEM-07-265

TRANSITIONAL CHANGES TO LICENCES IN IRELAND  
For the purposes of introducing the SEM in Ireland

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.

The following transitional licence conditions (which may require to have minor adjustments over the next few days as they are inserted into their parent licences) are those proposed for licences in Ireland.

## 1 Market Operator Licence

### 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 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 on its website until Go-Live.
3	Market System and the Single Electricity Market Trading and Settlement Code	Go-Active	The wording in paragraphs 1(e) includes 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-Active	
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-Active	
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	

## 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; and
  - (c) Conditions 1 to 20 shall apply from the date on which this Licence is granted.
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 paragraph 1(c)).

### 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 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.
2. Without prejudice to paragraphs 1 and 4, the Licensee shall, to the extent reasonably requested by electricity undertakings or Northern Ireland authorised electricity operators, cooperate with electricity undertakings and Northern Ireland authorised electricity operators, as well as 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 3; and
- (c) such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to prepare for the Single Electricity Market,

and where the Licensee considers that a request for co-operation is unreasonable the Licensee shall refer the request to the Commission who shall issue a decision as to whether the request is reasonable, and the Licensee shall comply, and act in a manner consistent, with such a decision.

3. 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 reasonable opinion of the Commission, appropriate in order to give full and timely effect to the modifications, conditions and matters referred to in paragraph 1 that are applicable to it, so that the Licensee is able to comply with the modifications, conditions and matters referred to in paragraph 1 that are applicable to it from time to time.
4. Without prejudice to paragraphs 1 and 2, the Licensee shall take all reasonable steps, and shall do all such reasonable things as are (in each case) within its power and necessary or expedient in order to comply with each direction made from time to time by the Commission in accordance with paragraph 3.
5. Directions made by the Commission under paragraph 3 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 3 (in order to give (or continue to give) full and timely effect to the modifications, conditions and matters referred to in paragraph 1 that are applicable to the Licensee), amend or cancel any direction (or part thereof) previously made under paragraph 3.
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 hinder or frustrate the giving of full and timely effect to the modifications, conditions and matters referred to in paragraph 1.
8. If the Licensee is aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 3 and its compliance with any other Condition of this Licence, the Licensee shall promptly inform the Commission of such conflict.
9. Provided the Licensee complies with paragraph 8, the other Conditions of this Licence shall prevail over this Condition in the event of conflict. If there is any conflict between a direction made under paragraph 3 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 reasonably 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 is aware (or should reasonably be aware) of any matter or circumstance which it considers will (or which the Licensee 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. 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) to the extent reasonably requested by electricity undertakings or Northern Ireland authorised electricity operators, 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,

and where the Licensee considers that such a request for co-operation as is referred to in subparagraph (b) of this paragraph is unreasonable, the Licensee shall refer the request to the Commission who shall issue a decision as to whether the request is reasonable, and the Licensee shall comply, and act in a manner consistent, with such a decision.

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, from SEM Go-Live, the pre-SEM arrangements for which it is responsible.
2. Without prejudice to paragraphs 1 and 4, the Licensee shall, to the extent reasonably requested by electricity undertakings or Northern Ireland authorised electricity operators, co-operate with electricity undertakings and Northern Ireland authorised electricity operators, as well as 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 3; and
  - (c) enable such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to run-off the pre-SEM arrangements,

and where the Licensee considers that a request for co-operation is unreasonable the Licensee shall refer the request to the Commission who shall issue a decision as to whether the request is reasonable, and the Licensee shall comply, and act in a manner consistent, with such a decision.

3. The Commission may issue directions to the Licensee setting out the steps to be taken or procured by the Licensee which are, in the reasonable opinion of the Commission, appropriate in order to fully and effectively run-off, from SEM Go-Live, the pre-SEM arrangements for which it is responsible.
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 each direction made from time to time by the Commission in accordance with paragraph 3.
5. The Commission may, at any time, by a further direction in accordance with paragraph 3 (in order to fully and effectively run-off, from SEM Go-Live, the pre-SEM arrangements for which the Licensee is responsible) amend or cancel any direction (or part thereof) previously made under paragraph 3.
6. 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 hinder or frustrate the full and effective run-off, from SEM Go-Live, of the pre-SEM arrangements.
7. If the Licensee is aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 3 and its compliance with any other Condition of this Licence, the Licensee shall promptly inform the Commission of such conflict.
8. Provided the Licensee complies with paragraph 7, the other Conditions of the Licence shall prevail over this Condition in the event of conflict. If there is any conflict between a direction made under paragraph 3 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 reasonably 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 is aware (or should reasonably be aware) of any matter or circumstance which it considers will (or which the Licensee should reasonably consider likely to) hinder or frustrate the full and effective run-off, from SEM Go-Live, of the pre-SEM arrangements, the Licensee shall promptly 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.

## **2. Transmission System Operator Licence**

### **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 4, the Licensee shall, to the extent reasonably requested by electricity undertakings or Northern Ireland authorised electricity operators, co-operate with electricity undertakings and Northern Ireland authorised electricity operators, as well as 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 3; and
- (c) such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to prepare for the Single Electricity Market,

and where the Licensee considers that a request for co-operation is unreasonable the Licensee shall refer the request to the Commission who shall issue a decision as to whether the request is reasonable, and the Licensee shall comply, and act in a manner consistent, with such a decision.

- 3 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 reasonable opinion of the Commission, appropriate in order to give full and timely effect to the modifications, conditions and matters referred to in paragraph 1 that are applicable to it, so that the Licensee is able to comply with the modifications, conditions and matters referred to in paragraph 1 that are applicable to it from time to time.
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 3.
5. Directions made by the Commission under paragraph 3 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 3 (in order to give (or continue to give) full and timely effect to the modifications, conditions and matters referred to in paragraph 1 that are applicable to the Licensee), amend or cancel any direction (or part thereof) previously made under paragraph 3.
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 hinder or frustrate the giving of full and timely effect to the modifications, conditions and matters referred to in paragraph 1.
8. If the Licensee is aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 3 and its compliance with any other

Condition of this Licence, the Licensee shall promptly inform the Commission of such conflict.

9. Provided the Licensee complies with paragraph 8, the other Conditions of this Licence shall prevail over this Condition in the event of conflict. If there is any conflict between a direction made under paragraph 3 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 reasonably 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 is aware (or should reasonably be aware) of any matter or circumstance which it considers will (or which the Licensee 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) to the extent reasonably requested by electricity undertakings and Northern Ireland authorised electricity operators, 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) to the extent reasonably requested by electricity undertakings, 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); and
  - (d) co-operate with, and provide such information as is required by, the Commission in relation to any audit conducted by the Commission,

and where the Licensee considers that such a request for co-operation as is referred to in subparagraph (b) or (c) of this paragraph is unreasonable, the Licensee shall refer the request to the Commission who shall issue a decision as to whether the request is reasonable, and the Licensee shall comply, and act in a manner consistent, with such a decision.

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 from SEM Go-Live, the pre-SEM arrangements for which it is responsible.
- 2 Without prejudice to paragraphs 1 and 4, the Licensee shall, to the extent reasonably requested by electricity undertakings or Northern Ireland authorised electricity operators, cooperate with electricity undertakings and Northern Ireland authorised electricity operators, as well as 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 3; and
  - (c) enable such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to run-off the pre-SEM arrangements,

and where the Licensee considers that a request for co-operation is unreasonable the Licensee shall refer the request to the Commission who shall issue a decision as to whether the request is reasonable, and the Licensee shall comply, and act in a manner consistent, with such a decision.

- 3 The Commission may issue directions to the Licensee setting out the steps to be taken or procured by the Licensee which are, in the reasonable opinion of the Commission, appropriate in order to fully and effectively run-off, from SEM Go-Live, the pre-SEM arrangements for which it is responsible.
- 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 3.
- 5 The Commission may, at any time, by a further direction in accordance with paragraph 3 (in order to fully and effectively run-off, from SEM Go-Live, the pre-SEM arrangements for which the Licensee is responsible), amend or cancel any direction (or part thereof) previously made under paragraph 3.
- 6 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 hinder or frustrate the full and effective run-off, from SEM Go-Live, of the pre-SEM arrangements.

7. If the Licensee is aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 3 and its compliance with any other Condition of this Licence, the Licensee shall promptly inform the Commission of such conflict.
8. Provided the Licensee complies with paragraph 7, the other Conditions of the Licence shall prevail over this Condition in the event of conflict. If there is any conflict between a direction made under paragraph 3 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 reasonably 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 is aware (or should reasonably be aware) of any matter or circumstance which it considers will (or which the Licensee should reasonably consider likely to) hinder or frustrate the full and effective run-off, from SEM Go-Live, of the pre-SEM arrangements, the Licensee shall promptly 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, from SEM Go-Live, the pre-SEM arrangements.

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.

### **3 Distribution System Operator Licence**

#### **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 4, the Licensee shall, to the extent reasonably requested by electricity undertakings or Northern Ireland authorised electricity operators, co-operate with electricity undertakings and Northern Ireland authorised electricity operators, as



well as 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 3; and
- (c) such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to prepare for the Single Electricity Market,

and where the Licensee considers that a request for co-operation is unreasonable, the Licensee shall refer the request to the Commission who shall issue a decision as to whether the request is reasonable, and the Licensee shall comply, and act in a manner consistent, with such a decision.

3. 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.
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 3.
5. Directions made by the Commission under paragraph 3 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 3 (in order to give (or continue to give) full and timely effect to the modifications, conditions and matters referred to in paragraph 1 that are applicable to the Licensee), amend or cancel any direction (or part thereof) previously made under paragraph 3.

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 hinder or frustrate the giving of full and timely effect to the modifications, conditions and matters referred to in paragraph 1.
8. If the Licensee is aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 3 and its compliance with any other Condition of this Licence, the Licensee shall promptly inform the Commission of such conflict.
9. Provided the Licensee complies with paragraph 8, the other Conditions of this Licence shall prevail over this Condition in the event of conflict. If there is any conflict between a direction made under paragraph 3 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 reasonably 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 is aware (or should reasonably be aware) of any matter or circumstance which it considers will (or which the Licensee 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, to the extent reasonably requested by electricity undertakings, 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), and where the Licensee considers that a request for co-operation is unreasonable, the Licensee shall refer the request to the Commission who shall issue a decision as to whether the request is reasonable, and the Licensee shall comply, and act in a manner consistent, with such a decision.

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 from SEM Go-Live the pre-SEM arrangements for which it is responsible.
- 2 Without prejudice to paragraphs 1 and 4, the Licensee shall, to the extent reasonably requested by electricity undertakings and Northern Ireland authorised electricity operators, co-operate with electricity undertakings and Northern Ireland authorised electricity operators as well as 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 3; and
  - (c) enable such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to run-off the pre-SEM arrangements,and where the Licensee considers that a request for co-operation is unreasonable, the Licensee shall refer the request to the Commission who will give a decision as to whether the request is reasonable, and the Licensee shall comply, and act in a manner consistent, with such a decision.
- 3 The Commission may issue directions to the Licensee setting out the steps to be taken or procured by the Licensee which are, in the reasonable opinion of the Commission, appropriate in order to fully and effectively run-off, from SEM Go-Live, the pre-SEM arrangements for which it is responsible.
- 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 3.
- 5 The Commission may, at any time, by a further direction in accordance with paragraph 3, (in order to fully and effectively run-off, from SEM Go-Live, the pre-SEM arrangements for which the Licensee is responsible) amend or cancel any direction (or part thereof) previously made under paragraph 3.
- 6 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 hinder or frustrate the full and effective run-off, from SEM Go-Live, of the pre-SEM arrangements.
- 7 If the Licensee is aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 3 and its compliance with any other Condition of this Licence, the Licensee shall promptly inform the Commission.

8. Provided the Licensee complies with paragraph 7 the other Conditions of the Licence shall prevail over this condition in the event of conflict. If there is any conflict between a direction made under paragraph 3 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 reasonably 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 is aware (or should reasonably be aware) of any matter or circumstance which it considers will (or which the Licensee should reasonably consider likely to) hinder or frustrate the full and effective run-off, from SEM Go-Live, of the pre-SEM arrangements, the Licensee shall promptly 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, from SEM Go-Live, the pre-SEM arrangements.
- 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 Generation and Supply Licences**

### **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 4, the Licensee shall, to the extent reasonably requested by electricity undertakings or Northern Ireland authorised electricity operators, co-operate with electricity undertakings and Northern Ireland authorised electricity operators as well as 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 3; and
  - (c) such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to prepare for the Single Electricity Market;

and where the Licensee considers that a request for co-operation is unreasonable, the Licensee shall refer the request to the Commission who will issue a decision as to whether the request is reasonable, and the Licensee shall comply, and act in a manner consistent, with such a decision.

3. 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.

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 3.
5. Directions made by the Commission under paragraph 3 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 3 (in order to give (or continue to give) full and timely effect to the modifications, conditions and matters referred to in paragraph 1 that are applicable to the Licensee), amend or cancel any direction (or part thereof) previously made under paragraph 3.
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 hinder or frustrate the giving of full and timely effect to the modifications, conditions and matters referred to in paragraph 1.
8. If the Licensee is aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 3 and its compliance with any other Condition of this Licence, the Licensee shall promptly inform the Commission of such conflict.
9. Provided the Licensee complies with paragraph 8, the other Conditions of this Licence shall prevail over this Condition in the event of conflict. If there is any conflict between a direction made under paragraph 3 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 reasonably 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 is aware (or should reasonably be aware) of any matter or circumstance which it considers will (or which the Licensee 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, from SEM Go-Live, the pre-SEM arrangements for which it is responsible.
2. Without prejudice to paragraphs 1 and 4, the Licensee shall, to the extent reasonably requested by electricity undertakings or Northern Ireland authorised electricity operators, co-operate with electricity undertakings and Northern Ireland authorised electricity operators, as well as 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 3; and
  - (c) enable such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to run-off the pre-SEM arrangements;

and where the Licensee considers that a request for co-operation is unreasonable, the Licensee shall refer the request to the Commission who shall issue a decision as to whether the request is reasonable, and the Licensee shall comply, and act in a manner consistent, with such a decision.

3. The Commission may issue directions to the Licensee setting out the steps to be taken or procured by the Licensee which are, in the reasonable opinion of the Commission, appropriate in order to fully and effectively run-off, from SEM Go-Live, the pre-SEM arrangements for which it is responsible.
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 3
5. The Commission may, at any time, by a further direction in accordance with paragraph 3, (in order to fully and effectively run-off, from SEM Go-Live, the pre-SEM arrangements for which the Licensee is responsible) amend or cancel any direction (or part thereof) previously made under paragraph 3.
6. 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 hinder or frustrate the full and effective run-off, from SEM Go-Live, of the pre-SEM arrangements.
7. If the Licensee is aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 3 and its compliance with any other Condition of this Licence, the Licensee shall promptly inform the Commission of such conflict.
8. Provided the Licensee complies with paragraph 7 the other Conditions of the Licence shall prevail over this Condition in the event of conflict. If there is any conflict between a direction made under paragraph 3 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 reasonably 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 is aware (or should reasonably be aware) of any matter or circumstance which it considers will (or which the Licensee should reasonably consider likely to) hinder or frustrate the full and effective run-off, from SEM Go-Live, of the pre-SEM arrangements, the Licensee shall promptly 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.