

TRANSMISSION SYSTEM OWNER LICENCE
GRANTED TO
ELECTRICITY SUPPLY BOARD

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PART 1 TERMS OF THE LICENCE

1. The Commission for Electricity Regulation (hereinafter referred to as “**the Commission**”), in exercise of the powers conferred by Section 14(1)(f) of the Electricity Regulation Act, 1999 (hereinafter referred to as “**the Act**”), as inserted by Regulation 32 of the European Communities (Internal Market in Electricity) Regulations 2000 (hereinafter referred to as “**the Regulations**”), hereby grants to Electricity Supply Board (hereinafter referred to as “**the Licensee**”) a licence to discharge the functions of the transmission system owner in the State subject to the Conditions (hereinafter referred to as “**the Conditions**”) set out in Part 2.
2. The Licensee shall discharge the functions of the Transmission System Owner as provided for in Regulation 19 (Functions of the transmission system owner) of the Regulations.
3. The Conditions are subject to modification or amendment in accordance with Sections 14(3), 14(6)(a) and 19 of the Act. The Licence hereby granted (hereinafter referred to as “**this Licence**”) is further subject to the terms as to revocation specified in the Schedule to this Licence.
4. This Licence shall come into force on the Effective Date and, unless revoked in accordance with the provisions of the Schedule, shall continue in full force and effect until determined by notice in writing given by the Commission to the Licensee.

Sealed with the common seal of the Commission for Electricity Regulation on 25th June 2001

Tom Reeves

Member of Commission

Denis Cagney

Member of staff of Commission

PART 2 CONDITIONS OF THE LICENCE

Section A Transition Conditions

Condition 1: Application of Licence Conditions

1. Notwithstanding any other provision of this Licence, the following Conditions shall apply as follows:
 - (a) the Conditions set out in Section B shall cease to apply on SEM Go-Live; and
 - (b) the Conditions set out in Section C shall apply from SEM Go-Live.
2. Where Conditions cease to apply in accordance with paragraph 1(a), the Conditions shall automatically be modified by the deletion of those Conditions.
3. Once the Conditions referred to in paragraph 1(a) have been deleted in accordance with paragraph 2, the Conditions shall automatically be modified by the deletion of this Condition 1 (such deletion being without prejudice to the continued application of the Conditions referred to in paragraph 1(b)).
4. For the avoidance of doubt:
 - (a) the provisions of Condition 1 of Section B shall apply to the Conditions in this Section A in the period prior to SEM Go-Live; and
 - (b) the provisions of Condition 1 of Section C shall apply to the Conditions in this Section A from SEM Go-Live.
5. In this Section A:

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| “Island of Ireland” | means the Republic of Ireland and Northern Ireland; |
| “SEM Go-Live” | means the time and date designated as such by the Commission for the purposes of the Single Electricity Market; |
| “Single Electricity Market” | means the single wholesale electricity market for the Island of Ireland implemented in the Republic of Ireland pursuant to the Act and the Single Market Regulations; and |
| “Single Market Regulations” | shall, in the period prior to SEM Go-Live, have the meaning set out in Condition 1 of Section B and shall, from SEM Go-Live, have the meaning set out in Condition 1 of Section C. |

Section B Conditions to Apply from SEM Go-Active to SEM Go-Live

Condition 1: Interpretation and Construction

1. Unless the contrary intention appears:
 - (a) words and expressions used in the Conditions or the Schedule shall be construed as if they were in an enactment and the Interpretation Acts, 1937 to 1997 applied to them; and
 - (b) references to an enactment shall include subordinate legislation and in both cases any statutory modification or re-enactment thereof after the date when this Licence comes into force.
2. Any word or expression defined for the purposes of any provision of the Act or the Regulations shall, unless otherwise defined herein, have the same meaning when used in the Conditions or in the Schedule.
3. In the Conditions and in the Schedule, unless otherwise specified or the context otherwise requires:

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| “Act” | refers to the Electricity Regulation Act, 1999; |
| “affiliate” | in relation to the Licensee or any subsidiary of a holding company of the Licensee, means any holding company of the Licensee or any subsidiary of the Licensee or any subsidiary of a holding company of the Licensee; |
| “Ancillary Services” | has the meaning given in the Grid Code; |
| “Board” | means the Electricity Supply Board; |
| “Commission industry requirements” | means the industry requirements as specified from time to time by the Commission pursuant to Regulation 18(1)(b) (Infrastructure Agreement) of the Regulations; |
| “Development Plan” | means the plan required to be prepared by the Transmission System Operator pursuant to Regulation 8(6)(a) (Functions of transmission system operator) of the Regulations; |
| “Distribution Business” | means the business division of the Licensee designated by the Licensee to exercise the functions of the distribution system operator as required by Regulation 22 (Establishment and functions of the distribution system operator) of the Regulations; |
| “Distribution Code” | means the Distribution Code prepared by the Board in its capacity as Distribution System Operator pursuant to Section 33 (Preparation of Grid Code and Distribution Code) of the Act, and approved by the Commission, as from time to time revised, amended, supplemented or replaced with the approval or at the instance of the Commission; |
| “distribution system” | means all electric lines of the Board which the Board may, with the approval of the Commission, specify as being part of the Board’s distribution system, and includes any electric plant, transformers and switchgear of the Board which is used for conveying electricity to final customers; |
| “Distribution System Operator” | means the Board in its capacity as distribution system operator licensed pursuant to Section 14(1)(g) of the Act; |

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| “Effective Date” | means the date specified by the Minister for Public Enterprise pursuant to Regulation 3 (Effective Date) of the Regulations; |
| “electricity undertaking” | means any person engaged in the generation, transmission, distribution or supply of electricity, including any holder of a Licence or authorisation or a person who has been granted a permit under Section 37 of the Electricity (Supply) Act 1927 and any person transferring electricity to or from the State across an Interconnector or who has made an application for use of an Interconnector which has not been refused; |
| “Generator” | means a person licensed to generate electricity under Section 14(1)(a) (Licences to generate and supply electricity) of the Act or the Board acting in its capacity as owner or operator of generating units; |
| “Generation Business” | means the business of the Licensee or any affiliate or related undertaking of the Licensee in the generation of electricity or the provision of Ancillary Services; |
| “Grid Code” | means the Grid Code prepared by the Board pursuant to Section 33 (Preparation of Grid Code and Distribution Code) of the Act and approved by the Commission, as from time to time revised, amended, supplemented or replaced by the Transmission System Operator with the approval or at the instance of the Commission; |
| “Group Business” | means any business of the Licensee, or any affiliate or related undertaking of the Licensee but shall not include the Generation Business, the Transmission System Owner’s Business, the Distribution Business, the Independent Supply Business and the Supply Business; |
| “holding company” | means a holding company within the meaning of the Companies Acts, 1963 to 1999; |
| “Independent Supply Business” | means the business of the Licensee or any affiliate or related undertaking of the Licensee in the supply of electricity to eligible customers pursuant to a licence granted under Section 14(1)(b) or 14(2) (Licences to generate and supply electricity) of the Act; |
| “Infrastructure Agreement” | means the agreement between the Licensee and the Transmission System Operator, entered into pursuant to Regulation 18 (Infrastructure agreement) of the Regulations, as from time to time revised, amended, supplemented or replaced with the approval or at the instance of the Commission; |
| “Interconnector” | means equipment used to link the electricity system of the State to electricity systems outside of the State; |
| “Licensee” | means the Board; |
| “Metering Code” | means the Metering Code to be prepared by the Board as Distribution System Operator and approved by the Commission, as from time to time revised, amended, |

supplemented or replaced with the approval, or at the instance, of the Commission;

“Metering Equipment”

means meters, time-switches, measurement transformers, metering protection and isolation equipment, circuitry and their associated data storage and data communications equipment and wiring which are part of the active energy and reactive energy measuring equipment at or relating to land and/or premises of a final customer or electricity undertaking;

“modification”

includes addition, deletion, amendment and substitution; and cognate expressions shall be construed accordingly;

“participating interest”

has the meaning given to that term in Regulation 35 of the European Communities (Companies: Group Accounts) Regulations 1992 (SI. 201 of 1992);

“Regulations”

means the European Communities (Internal Market in Electricity) Regulations, 2000 (S.I. 445 of 2000);

“related undertaking”

means any undertaking having a participating interest in the Licensee or any undertaking in which the Licensee has a participating interest;

“representation”

includes any objection or any other proposal made in writing;

“Separate Business”

means each of:

- the Generation Business;
- the Transmission System Owner’s Business;
- the Distribution Business;
- the Supply Business;
- the Independent Supply Business;
- the Group Business;

each taken separately from each other and from any other business of the Licensee or any affiliate or related undertaking of the Licensee, but so that where all or any part of such business is carried on by an affiliate or related undertaking of the Licensee, such part of the business as is carried on by that affiliate or related undertaking shall be consolidated with any such other business of the Licensee (and of any other affiliate or related undertaking of the Licensee) so as to form a single Separate Business;

“Single Electricity Market Trading and Settlement Code”

means the Trading and Settlement Code provided for in Regulation 4 of the Single Market Regulations, as from time to time, revised, amended, supplemented or replaced;

“Single Market Regulations”

means the Electricity Regulation Act 1999 (Single Electricity Market) Regulations 2007;

“subsidiary”

has the meaning given in the Companies Acts, 1963 to 1999;

“Supply Business”

means the business of the Licensee or any affiliate or related undertaking of the Licensee for the supply of electricity to final customers but shall not include the

Independent Supply Business;

“System Operator Agreement”

means the agreement of that name entered into pursuant to Condition 4 of the licence granted pursuant to Section 14(1)(e) of the Act;

“Trading and Settlement Code”

means the Trading and Settlement Code developed pursuant to Section 9(1)(d) (Functions of Commission) of the Act (and any Ministerial policy directions thereunder and S.I. No. 49 of 2000), as from time to time revised, amended supplemented or replaced with the approval or at the instance of the Commission;

“transmission system”

means the system of electric lines comprising wholly or mainly the Licensee’s high voltage lines and electric plant and which is used for conveying electricity from a generating station to a substation, from one generating station to another, from one substation to another or to or from any Interconnector or to final customers (but shall not include any such lines which form part of the distribution system), and shall include any Interconnector owned by the Licensee;

“Transmission System Operator”

means the person licensed to operate the transmission system under Section 14(1)(e) of the Act;

“Transmission System Owner’s Business”

means the business of the Licensee as owner of the transmission system; and

“Transmission System Security and Planning Standards”

means the document of that title prepared by the Transmission System Operator.

4. Unless otherwise specified:
 - (a) any reference to a numbered Condition is a reference to the Condition bearing that number in the Section of this Licence in which the reference occurs;
 - (b) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the Condition or Schedule in which the reference occurs; and
 - (c) without prejudice to any provision which restricts such variation, supplement or replacement, any reference to any agreement, licence (other than this Licence), code or other instrument shall include a reference to such agreement, licence, code or other instrument as varied, supplemented or replaced from time to time.
5. The heading or title of any Part, Section, Condition, Schedule or paragraph shall not affect the construction thereof.
6. Where any obligation of the Licensee is expressed to require performance within a specified time limit that obligation shall continue to be binding and enforceable after that time limit if the Licensee fails to perform that obligation within that time limit (but without prejudice to all rights and remedies available against the Licensee by reason of the Licensee’s failure to perform within the time limit).
7. The provisions of Section 4 (Service of notices) of the Act shall apply for the purposes of the delivery or service of any document, direction or notice to be delivered or served pursuant to this Licence and directions issued by the Commission pursuant to any Condition shall be delivered or served as aforesaid.

Condition 2: Infrastructure Agreement

1. The Licensee shall enter into and at all times have in force and comply with the Infrastructure Agreement, for the purpose of enabling the Transmission System Operator to discharge its functions under the Act, the Regulations and the Transmission System Operator's licence.
2. The Licensee shall, together with the Transmission System Operator, periodically review (including at the request of the Commission) the Infrastructure Agreement and its implementation.
3. The Infrastructure Agreement may not be amended without the consent of the Commission.
4. The Licensee shall report annually to the Commission on the operation of the Infrastructure Agreement.
5. The Licensee shall comply with any amendment to the Infrastructure Agreement as directed by the Commission under Regulation 18(1)(c) or approved by the Commission at the request of either or both parties to the Infrastructure Agreement.

Condition 3: Acquisition of Direct Lines

The Licensee shall acquire any direct line pursuant to a direction of the Commission under Section 37(4)(a) (Direct lines) of the Act and any direct line so acquired shall form part of the transmission system and all references to the “**transmission system**” in this Licence shall be deemed to include any direct line so acquired.

Condition 4: Economic Procurement of Assets and Services

1. The Licensee shall procure such assets and services as may from time to time be necessary to enable the Licensee to discharge its obligations under the Act, the Regulations, the Single Market Regulations and this Licence.
2. In procuring assets and services pursuant to paragraph 1, without prejudice to the Infrastructure Agreement, the Licensee shall procure assets and services from the most economical sources available to it having regard to the quantity and nature of the assets and services required to enable it to discharge its obligations under the Act, the Regulations, the Single Market Regulations and this Licence and to the diversity, number, timeliness of delivery and reliability of such assets and services.
3. This Condition shall not extend to prescribing the manner or circumstances in which the Licensee shall at any time call for the delivery of assets and services under any contract or arrangement entered into pursuant to paragraph 1.
4. Any provision of assets or services to the Licensee, for the purposes of discharging its functions under this Licence, by any affiliate, related undertaking or any Separate Business of the Licensee shall be on arms-length terms.
5. Any provision of assets or services by the Licensee, for the purposes of discharging its functions under this Licence, to any affiliate, related undertaking or any Separate Business of the Licensee shall be on arms-length terms.

Condition 5: Disposal of Transmission Assets

1. In accordance with Regulation 19(e) the Licensee shall not dispose of or relinquish operational control of any asset constituting part of the transmission system without prior notification to the Commission and the Transmission System Operator.
2. In accordance with Regulation 19(f) the Licensee shall give to the Commission and to the Transmission System Operator not less than two months prior written notice of its intention to dispose of, or relinquish operational control of, to an extent considered material by the Commission, over any asset constituting part of the transmission system and shall not make such disposal or relinquish such control without the prior written consent of the Commission and the Transmission System Operator.
3. The Commission shall issue directions to the Licensee from time to time on what it considers material for the purposes of this Condition.
4. Notwithstanding paragraph 2, the Licensee may dispose of any asset constituting part of the transmission system in circumstances where the Commission and the Transmission System Operator do not inform the Licensee in writing of any objection to such disposal within the notice period referred to in paragraph 2.
5. In this Condition:

“disposal”

includes any sale, assignment, gift, lease, licence, transfer, mortgage, charge, restriction on use (whether physical or legal), or the grant of any other encumbrance or the permitting of any encumbrance to subsist or any other disposition to a third party and **“dispose”** shall be construed accordingly;

Condition 6: Additional Use or Disposal of Transmission Assets

1. The Licensee shall prepare and maintain a register of all relevant assets in a form as specified by the Commission from time to time. The Licensee shall provide the Commission with such a register no later than six months after this Licence has come into force and shall provide the Commission with such a register annually.
2. If any or all of the relevant assets are being used or disposed of, or if any or all of the relevant assets are proposed to be used or disposed of by the Licensee (or any Separate Business of the Licensee) for interests other than or in addition to discharging the functions of the transmission system owner, the Licensee shall, as soon as is practicable after the date of issue of this Licence, notify the Commission in writing of same and provide the Commission with such information as the Commission may require in relation to such usage or disposal.
3. The Commission shall issue directions from time to time requiring the Licensee to give prior written notification to the Commission of proposed additional uses or disposals of relevant assets of a specified description and these directions may include a direction that certain categories of such disposals may not take place until either the Commission has expressly agreed to them or a specified time period has elapsed.
4. In this Condition

“**disposal**” has the meaning as defined in Condition 5 and “**disposed**” shall be construed accordingly;

“**relevant asset**” means:

- (a) any material asset forming part of the transmission system;
- (b) any legal or beneficial interest which can be considered material in land and/or premises upon which any of the foregoing is situated and/or used by the Licensee in the discharge of its functions under this Licence.
- (c) any equipment which can be considered material used by the Licensee in the discharge of its functions under this Licence,

Any question arising as to the materiality of relevant assets shall be determined by the Commission for the purposes of this Condition.

Condition 7: Detection and Prevention of Theft of Electricity

1. In respect to the transmission system, the Licensee shall (and shall ensure that its agents) take all reasonable steps to detect and prevent:

- (a) the theft of electricity;
- (b) damage to any electrical plant, electric line and Metering Equipment; and
- (c) interference with any Metering Equipment.

2. Where the Licensee has reason to believe that:

- (a) the theft of electricity is taking place or has taken place; or
- (b) there has been interference with the Metering Equipment to alter its register or prevent it from duly registering the quantity of electricity supplied or produced;

the Licensee shall, as soon as reasonable practicable, inform the affected Supplier of the incident in question.

3. In this Condition:

“theft of electricity” means the dishonest use, waste or diversion of electricity, within the meaning of Section 15 of the Energy (Miscellaneous Provisions) Act, 1995.

Condition 8: Transmission System Security and Planning Standards

1. The Licensee shall provide assistance to and co-operate with the Transmission System Operator in the development and review of the Transmission System Security and Planning Standards and in the preparation of the document to be prepared by the Transmission System Operator entitled the **“Transmission System Security and Planning Standards”**.
2. The Licensee shall at all times comply with the Transmission System Security and Planning Standards, in so far as these are applicable to the Licensee.
3. The Licensee may seek a derogation relieving the Licensee of its obligations under paragraph 2 in respect of parts of the Transmission System Security and Planning Standards and the Commission may issue directions relieving the Licensee of its obligations under paragraph 2 above in respect of such parts of the Transmission System Security and Planning Standards, to such extent as may be specified in those directions.

Condition 9: Facilitate the Discharge of Transmission System Operator's Functions

1. The Licensee shall neither direct nor give instructions to the Transmission System Operator in relation to any of the functions conferred on the Transmission System Operator by the Act, the Regulations or the Transmission System Operator's licence.
2. The Licensee shall at all times facilitate the discharge by the Transmission System Operator of its functions and provide such co-operation as may be required by the Transmission System Operator in carrying out its functions under the Act, the Regulations, the System Operator Agreement or the Transmission System Operator's licence.
3. In accordance with Regulation 9(2), the Licensee shall, within such period as shall be specified by direction of the Commission, comply with any requirements considered necessary by the Transmission System Operator to enable the latter to discharge its functions.
4. The Licensee shall exercise its property rights in accordance with Regulation 9(3)(b) of the Regulations.
5. The Licensee shall comply with any requirements, directions and/or determinations as may be made by the Commission under the Act, the Regulations, the Single Market Regulations or in respect of this Condition of the Licence.

Condition 10: Duty of Non-Discrimination

In the carrying out of its functions under this Licence, the Licensee shall not discriminate unfairly between persons or classes of persons, or between system users or classes of system users, particularly in favour of its subsidiaries, associated or affiliated undertakings, joint ventures or shareholders.

Condition 11: Performance of the Transmission System Owner's Business

1. The Licensee shall, no later than four months after this Licence has come into force submit to the Commission for approval a report setting out the criteria against which the performance of the transmission system owner's business can be measured. The Commission may from time to time make amendments to such criteria as it sees fit and shall notify the Licensee of such amendments.
2. The Licensee shall conduct the Transmission System Owner's Business in the manner which it reasonably considers to be best calculated to achieve any and all standards and/or targets of performance as may be determined by the Commission from time to time.
3. The Licensee shall, periodically review (including at the request of the Commission) the performance criteria. Following any such review, the Licensee shall send to the Commission:
 - (a) a report of the outcome of such review; and
 - (b) revisions which it is proposed to make to the performance criteria (having regard to the outcome of the review).
4. Revisions to the criteria proposed by the Licensee and sent to the Commission pursuant to paragraph 3 shall be subject to the approval of the Commission.
5. The Licensee shall report annually on the performance of the Transmission System Owner's Business using the criteria specified in paragraph 1.
6. The performance criteria specified in paragraph 1 as approved by the Commission and the report on performance specified in paragraph 5 shall be published and made available on the Licensee's web-site.

Condition 12: Access to Land and/or Premises

1. The Licensee shall provide to the Transmission System Operator such access to the Licensee's land and/or premises as the Transmission System Operator requires in order to discharge its functions under the Act, the Regulations, the Infrastructure Agreement or the Transmission System Operator's licence.
2. The Licensee shall no later than three months after this Licence comes into force, prepare and submit to the Commission for its approval a code of practice setting out the principles and procedures the Licensee will follow in respect of any person acting on its behalf who requires access to land and/or premises.
3. The code of practice shall include procedures calculated to ensure that persons visiting land and/or premises on behalf of the Licensee:
 - (a) possess the skills necessary to perform the required duties;
 - (b) are readily identifiable to members of the public;
 - (c) are appropriate persons to visit and enter land and/or premises.
5. The Licensee shall periodically review (including at the request of the Commission) this code of practice and any revision o such code of practice shall be subject to the approval of the Commission.
6. The Licensee shall ensure that it complies with the code of practice or any revision to the code or procedure approved by the Commission.

Condition 13: Separation of the Transmission System Owner's Business

1. The Licensee shall as soon as practical and in any event not later than 28 days after this Licence has come into force, designate a division of the Board, to be approved by the Commission, to exercise the functions of the transmission system owner under the Regulations and this Licence to be known as the Transmission System Owner's Business.
2. The Licensee shall as soon as practicable and in any event not later than 28 days after this Licence has come into force appoint a managing director (by that or whatever alternate title he or she may be known) and shall ensure that the said managing director shall have sufficient resources including staff to perform the functions of the transmission system owner.
3. The managing director shall not be a member of the board of directors of the Licensee or of any affiliate, related undertaking or of any Separate Business of the Licensee.
4. Subject to such arrangements as the Commission may direct in the interests of economic efficiency in accordance with Section 14 (13) of the Act (as inserted by Regulation 32(l)(c) of the Regulations), the managing director shall not be engaged by the Licensee in any capacity other than as managing director of the Transmission System Owner's Business and shall report on the operation of the Transmission System Owner's Business to the Chief Executive Officer and/or the board of directors of the Licensee only. Recognising that the implementation of changes necessary for the complete and effective separation of the Transmission System Owner's Business from other Separate Businesses of the Licensee cannot be achieved with immediate effect from the date of issue of this Licence, the managing director may also, for a transitional period, retain the existing reporting arrangements. This transitional period shall be set down by the Commission following consultation with the Licensee but shall not exceed two years from the date of issue of this Licence.
5. Subject to such arrangements as the Commission may direct in the interests of economic efficiency in accordance with Section 14 (13) of the Act (as inserted by Regulation 32(1)(c) of the Regulations), the Licensee shall secure the complete and effective separation of the Transmission System Owner's Business from other Separate Businesses of the Licensee. This separation shall include, but not be limited to, ring-fencing in relation to:
 - (a) access to and exchange of information including (without limitation) undertakings by individual employees regarding the non-disclosure of information; and
 - (b) information systems; and
 - (c) resources including (without limitation) staff, premises, finance; and
 - (d) a code of conduct on the transfer and/or movement of employees, either part-time or full time, between the Transmission System Owner's Business and any other Separate Business of the Licensee.

The Licensee shall comply with any requirement or direction as may be made by the Commission from time to time for the purposes of this Condition.

6. The Licensee shall require that the managing director to report to the Commission on the implementation of any measures which the Licensee is required to undertake in relation to paragraph 5. Any report supplied under this Condition shall be supplied in such form and at such time as the Commission may require. The first report shall be made within 28 days of the appointment of the managing director.
7. The Licensee shall appoint a compliance officer who is responsible, *inter alia*, for ensuring compliance of the Transmission System Owner's Business with this Condition. The compliance officer shall report exclusively to the Chief Executive Officer and/or the board of directors of the Licensee on compliance matters. The compliance officer shall report to the Commission, in such form and at such times as the Commission requires, on the effectiveness of the practices, procedures and systems implemented by the

Licensee on the complete and effective separation of the Transmission System Owner's Business from the other Separate Businesses of the Licensee. Any such report may be published by the Commission.

8. The Licensee shall provide the Commission with any information or access to information the Commission may deem necessary in relation to the ring-fencing of the Transmission System Owner's Business.

Condition 14: Separate Accounts for Separate Businesses

1. The Licensee shall prepare annual accounts in accordance with Regulation 27 (Unbundling of accounts of electricity undertakings) of the Regulations and shall deliver to the Commission a copy of the annual audited accounts so prepared as soon as reasonably practicable, and in any event no later than three months after the end of the period to which the accounts relate. This period may be extended by the Commission to six months, at the request of the Licensee, in respect of the first accounting year.
2. Without prejudice to paragraph 1, the Licensee shall, in its internal accounting, keep or cause to be kept accounts for the Transmission System Owner's Business as a whole which when requested from time to time by the Commission, must be delivered to the Commission in the form and at the times specified by the Commission. The accounts shall be in accordance with such regulatory accounting guidelines as may be issued by the Commission from time to time. The accounts shall also be in accordance with any and all directions as are reasonable and appropriate for the purposes of this Condition as the Commission may, from time to time, notify to the Licensee.
3. The regulatory accounting guidelines or directions notified by the Commission to the Licensee under paragraph 2 may, inter alia:
 - (a) specify the form of the accounting statements/records, including but not limited to, profit and loss accounts, balance sheets, recognised gains and losses statements, cash flow statements and statements of the amounts of any revenues, costs, assets, liabilities, reserves or provisions which have been either charged from or to any other business or determined by allocation or apportionment between the consolidated Transmission System Owner's Business and any other business.
 - (b) specify the nature and content of the accounting statements/records, including information on specified types of revenue, cost, asset or liability and information on the revenues, costs, assets and liabilities attributable to specified activities.
 - (c) require any reconciliation that may be required with the annual accounts of the Licensee prepared under the Companies Acts, 1963 to 1999;
 - (d) specify the accounting principles (including the basis for the allocation of costs) and the bases of valuation to be used in preparing accounting statements/records.
4. The Licensee shall not, in relation to the accounting statements in respect of a financial year, change the basis of charge, apportionment or allocation from those applied in respect of the previous financial year, unless the Commission shall previously have issued directions for the purposes of this Condition directing the Licensee to change such basis in a manner set out in the directions or the Commission gives its prior written approval to the change in such basis.
5. The Licensee shall comply with any directions issued by the Commission for the purposes of this Condition.

Condition 15: Prohibition of Subsidies and Cross-subsidies

1. The Licensee shall procure that the Transmission System Owner's Business does not give any subsidy or cross-subsidy (direct or indirect) to any other Separate Business of the Licensee and/or any affiliate or related undertaking of the Licensee.
2. For the purposes of this Condition, the Commission shall determine whether or not subsidisation or cross-subsidisation is taking place. Where the Commission determines that a subsidy or cross-subsidy involving the Transmission System Owner's Business is taking place, the Commission may issue a direction to that effect and require the cessation of same.
3. Nothing which the Licensee is obliged or permitted to do or not do pursuant to this Licence shall be regarded as a subsidy or cross-subsidy for the purposes of this Condition.

Condition 16: Restriction on Use of Certain Information

1. The Licensee shall preserve the confidentiality of commercially sensitive information held and/or obtained by it in the discharge of its functions as transmission system owner in accordance with the Regulations, the Act, the Infrastructure Agreement and this Licence.
2. The Licensee shall implement such measures and procedures and take all such other steps as shall be specified in directions issued by the Commission from time to time for the purposes of this Condition to be in its opinion reasonably necessary for the purpose of securing compliance by the Licensee with its obligations under paragraph 1.
3. The Licensee shall ensure that confidential information is only disclosed to authorised recipients, classes of authorised recipients or authorised advisors.
4. Paragraphs 1 and 3 shall not apply to:
 - (a) any confidential information which, before or after it is furnished to the Licensee’s employees, is in the public domain; or
 - (b) the disclosure of any confidential information:
 - (i) in compliance with the duties of the Licensee under the Act, the Regulations, the Single Market Regulations, the Infrastructure Agreement or any other requirement of a competent authority; or
 - (ii) in compliance with the Conditions granted in this Licence or any document referred to in this Licence with which the Licensee is required by virtue of the Act, the Regulations, the Single Market Regulations, the Infrastructure Agreement or this Licence to comply; or
 - (iii) in compliance with any other requirement of law; or
 - (iv) pursuant to any judicial or other arbitral process or tribunal of competent jurisdiction; or
 - (c) any confidential information to the extent that the Licensee is expressly permitted or required to disclose that information under the terms of any agreement or arrangement (including the Grid Code, the Distribution Code, the Metering Code, the Trading and Settlement Code and the Single Electricity Market Trading and Settlement Code) with the relevant person to whose affairs such confidential information relates.
5. Without prejudice to the other provisions of this Condition, the Licensee shall procure that any additional copies made of the confidential information, whether in hard copy or computerised form, will clearly identify the confidential information as confidential.
6. The Licensee shall take all reasonable measures to prevent (so far as the Licensee can so require) any person who is or ceases to be employed by the Licensee, whether that person is or was employed part-time or full time in the Transmission System Owner’s Business, from disclosing confidential information.
7. The Licensee shall take all reasonable steps to ensure that every authorised adviser to whom the Licensee discloses confidential information does not use that confidential information for any purpose other than that for which it was provided and does not disclose that confidential information otherwise than in accordance with the provisions of this Condition.
8. This Condition is without prejudice to the duties at law of the Licensee towards outside persons.
9. In this Condition:

“authorised adviser” means such professional advisers of the Licensee, engaged and acting in that capacity, as require access to any confidential information;

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| “authorised recipient” | means, in relation to any confidential information, any employee who, before the confidential information had been divulged to him by the Licensee, had been informed of the nature and effect of this Condition and who requires access to such confidential information for the proper performance of his duties as an employee in the course of permitted activities; |
| “confidential information” | means any commercially sensitive information held and/or obtained by the Licensee in the discharge of its functions as Transmission System Owner under the Act, the Regulations, the Infrastructure Agreement and this Licence. |
| “commercially sensitive information” | means any matter the disclosure of which would materially prejudice the interest of any person. |

Condition 17: Payment of Levy

1. The Licensee shall pay to the Commission any amounts specified in, or determined under, a Levy Order, in accordance with the provisions of such Levy Order.
2. In this Condition:

“Levy Order” means an Order made by the Commission under paragraph 16 of the Schedule to the Act.

Condition 18: Provision of Information

1. Subject to the provisions of Condition 16, the Licensee shall furnish to the Transmission System Operator and/or the Distribution System Operator in such manner and at such times as may reasonably be required, such information as may be required by the Transmission System Operator and/or the Distribution System Operator in order for them to carry out their respective licensed activities and duties under the Regulations, the Act, the Single Market Regulations, the System Operator Agreement and the Infrastructure Agreement (as appropriate).
2. For the purposes of this Condition, the Commission shall decide on any difference or dispute between the Transmission System Owner and any other party and the Commission shall issue a direction regarding its decision, as it sees fit, regarding the matter in dispute and the Licensee shall comply with such direction.

Condition 19: Provision of Information to the Commission

1. The Licensee shall procure and furnish to the Commission, in such form and at such times as the Commission may require, such information as the Commission may consider relevant in the light of the Conditions or as it may require for the purpose of performing the functions assigned or transferred to it by or under the Act or the Regulations.
2. The power of the Commission to call for information under paragraph 1 is without prejudice to the power of the Commission to call for information under or pursuant to any other Condition of this Licence or under or pursuant to the Act or the Regulations.
3. In this Condition “**information**” means oral or written and shall include, without limitation, any books, documents, records, accounts (statutory or otherwise), estimates, returns or reports of any description (whether or not in electronic or any other format, or prepared specifically at the request of the Commission) requested by the Commission and any explanations (oral or written) in relation to such information as may be requested by the Commission.
4. The information shall be to a level of audit as may be required by the Commission from time to time.
5. The Commission may publish any information provided to the Commission under this Licence. In exercising its discretion under this Condition, the Commission shall have regard to the need to protect confidential information.

Condition 20: Compliance with Codes

1. The Licensee shall comply with the provisions of the Grid Code, the Distribution Code, the Metering Code and the Trading and Settlement Code in so far as applicable to the Licensee.
2. The Licensee shall be party to and shall comply with the Single Electricity Market Trading and Settlement Code insofar as applicable to it.

Condition 21: Compliance with Laws and Directions

1. The licensee shall comply with the Act, the Regulations, the Single Market Regulations, the Infrastructure Agreement, the Conditions of this Licence and all relevant EU laws.
2. For the purposes of the Regulations, the Act, the Single Market Regulations, the Infrastructure Agreement, this Licence and/or the Transmission System Operator's licence, the Commission shall issue a direction on any dispute between the Transmission System Operator and the Transmission System Owner and the Licensee shall comply with such direction.
3. The Licensee shall comply with any requirements, directions or determinations made by the Commission pursuant to the Act, the Regulations, the Single Market Regulations, the Infrastructure Agreement or this Licence.
4. Any costs associated with compliance with this Condition shall be the responsibility of the Licensee.
5. The Licensee shall monitor and keep a record of its compliance with this Licence, and any requirement, direction, determination, code, procedure or guideline it is required to comply with.

Condition 22: Environment

1. The Licensee shall comply with all applicable European Union and Irish Environmental Laws whether in force at the date hereof or in the future and also with any direction given to it from time to time by the Commission in pursuance to the Commission's duty under Section 9(5)(a) of the Act to take account of the protection of the environment.
2. The Licensee shall, not later than such date as the Commission may specify and in consultation with the Commission, prepare and from time to time modify a written policy setting out the manner in which the Licensee proposes to comply with its duties and obligations under all applicable European Union and Irish Environmental Laws and any direction issued to it under this Condition.
3. The Licensee shall report annually to the Commission on its environmental performance in such form and at such times as the Commission may specify.
4. For the purposes of this Licence, "**Environmental Laws**" means those laws which are from time to time in force whose purpose is the protection of the environment including the protection of human health, flora, fauna and the ecosystems on which they depend, and for the avoidance of doubt shall include but shall not be limited to the Environment Protection Act, 1992, the Waste Management Act, 1996 and all relevant legislation relating to the assessment of environmental impacts, and the protection of air, land and water.

Condition 23: Health and Safety

1. The Licensee shall take all reasonable steps to protect persons and property from injury and damage that may be caused by the Licensee when carrying out the Transmission System Owner's Business.
2. The Licensee shall ensure that a technical and safety audit is undertaken in respect of the transmission system owner's business annually by an independent expert whose appointment is approved by the Commission.
3. The Licensee shall provide the results of such audits carried out in a timely manner to the Commission.

Section C Conditions to Apply from SEM Go-Live

Condition 1: Interpretation and Construction

1. Unless the contrary intention appears:
 - (a) words and expressions used in the Conditions or the Schedule shall be construed as if they were in an enactment and the Interpretation Acts, 1937 to 1997 applied to them; and
 - (b) references to an enactment shall include subordinate legislation and in both cases any statutory modification or re-enactment thereof after the date when this Licence comes into force.
2. Any word or expression defined for the purposes of any provision of the Act or the Regulations shall, unless otherwise defined herein, have the same meaning when used in the Conditions or in the Schedule.
3. In the Conditions and in the Schedule, unless otherwise specified or the context otherwise requires:

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| “Act” | refers to the Electricity Regulation Act, 1999; |
| “affiliate” | in relation to the Licensee or any subsidiary of a holding company of the Licensee, means any holding company of the Licensee or any subsidiary of the Licensee or any subsidiary of a holding company of the Licensee; |
| “Ancillary Services” | has the meaning given in the Grid Code; |
| “Board” | means the Electricity Supply Board; |
| “Commission industry requirements” | means the industry requirements as specified from time to time by the Commission pursuant to Regulation 18(1)(b) (Infrastructure Agreement) of the Regulations; |
| “Development Plan” | means the plan required to be prepared by the Transmission System Operator pursuant to Regulation 8(6)(a) (Functions of transmission system operator) of the Regulations; |
| “Distribution Business” | means the business division of the Licensee designated by the Licensee to exercise the functions of the distribution system operator as required by Regulation 22 (Establishment and functions of the distribution system operator) of the Regulations; |
| “Distribution Code” | means the Distribution Code prepared by the Board in its capacity as Distribution System Operator pursuant to Section 33 (Preparation of Grid Code and Distribution Code) of the Act, and approved by the Commission, as from time to time revised, amended, supplemented or replaced with the approval or at the instance of the Commission; |
| “distribution system” | means all electric lines of the Board which the Board may, with the approval of the Commission, specify as being part of the Board’s distribution system, and includes any electric plant, transformers and switchgear of the Board which is used for conveying electricity to final customers; |
| “Distribution System Operator” | means the Board in its capacity as distribution system operator licensed pursuant to Section 14(1)(g) of the Act; |

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| “Effective Date” | means the date specified by the Minister for Public Enterprise pursuant to Regulation 3 (Effective Date) of the Regulations; |
| “electricity undertaking” | means any person engaged in the generation, transmission, distribution or supply of electricity, including any holder of a Licence or authorisation or a person who has been granted a permit under Section 37 of the Electricity (Supply) Act 1927 and any person transferring electricity to or from the Republic of Ireland across an Interconnector or across the North/South Circuits or who has made an application for use of an Interconnector which has not been refused; |
| “Generator” | means a person licensed to generate electricity under Section 14(1)(a) (Licences to generate and supply electricity) of the Act or the Board acting in its capacity as owner or operator of generating units; |
| “Generation Business” | means the business of the Licensee or any affiliate or related undertaking of the Licensee in the generation of electricity or the provision of Ancillary Services; |
| “Grid Code” | means the Grid Code prepared by the Board pursuant to Section 33 (Preparation of Grid Code and Distribution Code) of the Act and approved by the Commission, as from time to time revised, amended, supplemented or replaced by the Transmission System Operator with the approval or at the instance of the Commission; |
| “Group Business” | means any business of the Licensee, or any affiliate or related undertaking of the Licensee but shall not include the Generation Business, the Transmission System Owner’s Business, the Distribution Business, the Independent Supply Business and the Supply Business; |
| “holding company” | means a holding company within the meaning of the Companies Acts, 1963 to 1999; |
| “Independent Supply Business” | means the business of the Licensee or any affiliate or related undertaking of the Licensee in the supply of electricity to eligible customers pursuant to a licence granted under Section 14(1)(b) or 14(2) (Licences to generate and supply electricity) of the Act; |
| “Infrastructure Agreement” | means the agreement between the Licensee and the Transmission System Operator, entered into pursuant to Regulation 18 (Infrastructure agreement) of the Regulations, as from time to time revised, amended, supplemented or replaced with the approval or at the instance of the Commission; |
| “Interconnector” | means for the purposes of this Licence, equipment used to link the transmission system to electricity systems outside of the Island of Ireland, and (for the avoidance of doubt) does not include the North/South Circuits; |
| “Island of Ireland” | means the Republic of Ireland and Northern Ireland; |

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| “Licensee” | means the Board; |
| “Metering Code” | means the Metering Code to be prepared by the Board as Distribution System Operator and approved by the Commission, as from time to time revised, amended, supplemented or replaced with the approval, or at the instance, of the Commission; |
| “Metering Equipment” | means meters, time-switches, measurement transformers, metering protection and isolation equipment, circuitry and their associated data storage and data communications equipment and wiring which are part of the active energy and reactive energy measuring equipment at or relating to land and/or premises of a final customer or electricity undertaking; |
| “modification” | includes addition, deletion, amendment and substitution; and cognate expressions shall be construed accordingly; |
| “North/South Circuits” | means the electric lines and electrical plant and meters used for conveying electricity directly to or from a substation or converter station within the Republic of Ireland directly to or from a substation or converter station within Northern Ireland (and not for conveying electricity elsewhere); |
| “participating interest” | has the meaning given to that term in Regulation 35 of the European Communities (Companies: Group Accounts) Regulations 1992 (SI. 201 of 1992); |
| “Regulations” | means the European Communities (Internal Market in Electricity) Regulations, 2000 (S.I. 445 of 2000); |
| “related undertaking” | means any undertaking having a participating interest in the Licensee or any undertaking in which the Licensee has a participating interest; |
| “representation” | includes any objection or any other proposal made in writing; |
| “Separate Business” | <p>means each of:</p> <ul style="list-style-type: none"> - the Generation Business; - the Transmission System Owner’s Business; - the Distribution Business; - the Supply Business; - the Independent Supply Business; - the Group Business; <p>each taken separately from each other and from any other business of the Licensee or any affiliate or related undertaking of the Licensee, but so that where all or any part of such business is carried on by an affiliate or related undertaking of the Licensee, such part of the business as is carried on by that affiliate or related undertaking shall be consolidated with any such other business of the Licensee (and of any other affiliate or related undertaking of the Licensee) so as to form a single Separate Business;</p> |
| “Single Electricity Market Trading” | means the Trading and Settlement Code provided for in Regulation 4 of the Single Market Regulations, as from |

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| and Settlement Code” | time to time, revised, amended, supplemented or replaced; |
| “Single Market Regulations” | means the Electricity Regulation Act 1999 (Single Electricity Market) Regulations 2007; |
| “subsidiary” | has the meaning given in the Companies Acts, 1963 to 1999; |
| “Supply Business” | means the business of the Licensee or any affiliate or related undertaking of the Licensee for the supply of electricity to final customers but shall not include the Independent Supply Business; |
| “System Operator Agreement” | means the agreement of that name entered into pursuant to Condition 4 of the licence granted pursuant to Section 14(1)(e) of the Act; |
| “Trading and Settlement Code” | means the Trading and Settlement Code developed pursuant to Section 9(1)(d) (Functions of Commission) of the Act (and any Ministerial policy directions thereunder and S.I. No. 49 of 2000), as from time to time revised, amended supplemented or replaced with the approval or at the instance of the Commission; |
| “transmission system” | means the system of electric lines comprising wholly or mainly the Licensee’s high voltage lines and electric plant and which is used for conveying electricity from a generating station to a substation, from one generating station to another, from one substation to another or to or from any Interconnector or to final customers (including such part of the North/South Circuits as is owned by the Board) (but shall not include any such lines which form part of the distribution system), and shall include any Interconnector owned by the Licensee; |
| “Transmission System Operator” | means the person licensed to operate the transmission system under Section 14(1)(e) of the Act; |
| “Transmission System Owner’s Business” | means the business of the Licensee as owner of the transmission system; and |
| “Transmission System Security and Planning Standards” | means the document of that title prepared by the Transmission System Operator. |

4. Unless otherwise specified:
 - (a) any reference to a numbered Condition is a reference to the Condition bearing that number in the Section of this Licence in which the reference occurs;
 - (b) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the Condition or Schedule in which the reference occurs; and
 - (c) without prejudice to any provision which restricts such variation, supplement or replacement, any reference to any agreement, licence (other than this Licence), code or other instrument shall include a reference to such agreement, licence, code or other instrument as varied, supplemented or replaced from time to time.
5. The heading or title of any Part, Section, Condition, Schedule or paragraph shall not affect the construction thereof.

6. Where any obligation of the Licensee is expressed to require performance within a specified time limit that obligation shall continue to be binding and enforceable after that time limit if the Licensee fails to perform that obligation within that time limit (but without prejudice to all rights and remedies available against the Licensee by reason of the Licensee's failure to perform within the time limit).
7. The provisions of Section 4 (Service of notices) of the Act shall apply for the purposes of the delivery or service of any document, direction or notice to be delivered or served pursuant to this Licence and directions issued by the Commission pursuant to any Condition shall be delivered or served as aforesaid.

Condition 2: Infrastructure Agreement

1. The Licensee shall enter into and at all times have in force and comply with the Infrastructure Agreement, for the purpose of enabling the Transmission System Operator to discharge its functions under the Act, the Regulations and the Transmission System Operator's licence.
2. The Licensee shall, together with the Transmission System Operator, periodically review (including at the request of the Commission) the Infrastructure Agreement and its implementation.
3. The Infrastructure Agreement may not be amended without the consent of the Commission.
4. The Licensee shall report annually to the Commission on the operation of the Infrastructure Agreement.
5. The Licensee shall comply with any amendment to the Infrastructure Agreement as directed by the Commission under Regulation 18(1)(c) or approved by the Commission at the request of either or both parties to the Infrastructure Agreement.

Condition 3: Acquisition of Direct Lines

The Licensee shall acquire any direct line pursuant to a direction of the Commission under Section 37(4)(a) (Direct lines) of the Act and any direct line so acquired shall form part of the transmission system and all references to the “**transmission system**” in this Licence shall be deemed to include any direct line so acquired.

Condition 4: Economic Procurement of Assets and Services

1. The Licensee shall procure such assets and services as may from time to time be necessary to enable the Licensee to discharge its obligations under the Act, the Regulations, the Single Market Regulations and this Licence.
2. In procuring assets and services pursuant to paragraph 1, without prejudice to the Infrastructure Agreement, the Licensee shall procure assets and services from the most economical sources available to it having regard to the quantity and nature of the assets and services required to enable it to discharge its obligations under the Act, the Regulations, the Single Market Regulations and this Licence and to the diversity, number, timeliness of delivery and reliability of such assets and services.
3. This Condition shall not extend to prescribing the manner or circumstances in which the Licensee shall at any time call for the delivery of assets and services under any contract or arrangement entered into pursuant to paragraph 1.
4. Any provision of assets or services to the Licensee, for the purposes of discharging its functions under this Licence, by any affiliate, related undertaking or any Separate Business of the Licensee shall be on arms-length terms.
5. Any provision of assets or services by the Licensee, for the purposes of discharging its functions under this Licence, to any affiliate, related undertaking or any Separate Business of the Licensee shall be on arms-length terms.

Condition 5: Disposal of Transmission Assets

1. In accordance with Regulation 19(e) the Licensee shall not dispose of or relinquish operational control of any asset constituting part of the transmission system without prior notification to the Commission and the Transmission System Operator.
2. In accordance with Regulation 19(f) the Licensee shall give to the Commission and to the Transmission System Operator not less than two months prior written notice of its intention to dispose of, or relinquish operational control of, to an extent considered material by the Commission, over any asset constituting part of the transmission system and shall not make such disposal or relinquish such control without the prior written consent of the Commission and the Transmission System Operator.
3. The Commission shall issue directions to the Licensee from time to time on what it considers material for the purposes of this Condition.
4. Notwithstanding paragraph 2, the Licensee may dispose of any asset constituting part of the transmission system in circumstances where the Commission and the Transmission System Operator do not inform the Licensee in writing of any objection to such disposal within the notice period referred to in paragraph 2.
5. In this Condition:

“disposal”

includes any sale, assignment, gift, lease, licence, transfer, mortgage, charge, restriction on use (whether physical or legal), or the grant of any other encumbrance or the permitting of any encumbrance to subsist or any other disposition to a third party and **“dispose”** shall be construed accordingly;

Condition 6: Additional Use or Disposal of Transmission Assets

1. The Licensee shall prepare and maintain a register of all relevant assets in a form as specified by the Commission from time to time. The Licensee shall provide the Commission with such a register no later than six months after this Licence has come into force and shall provide the Commission with such a register annually.
2. If any or all of the relevant assets are being used or disposed of, or if any or all of the relevant assets are proposed to be used or disposed of by the Licensee (or any Separate Business of the Licensee) for interests other than or in addition to discharging the functions of the transmission system owner, the Licensee shall, as soon as is practicable after the date of issue of this Licence, notify the Commission in writing of same and provide the Commission with such information as the Commission may require in relation to such usage or disposal.
3. The Commission shall issue directions from time to time requiring the Licensee to give prior written notification to the Commission of proposed additional uses or disposals of relevant assets of a specified description and these directions may include a direction that certain categories of such disposals may not take place until either the Commission has expressly agreed to them or a specified time period has elapsed.
4. In this Condition

“**disposal**” has the meaning as defined in Condition 5 and “**disposed**” shall be construed accordingly;

“**relevant asset**” means:

- (a) any material asset forming part of the transmission system;
- (b) any legal or beneficial interest which can be considered material in land and/or premises upon which any of the foregoing is situated and/or used by the Licensee in the discharge of its functions under this Licence.
- (c) any equipment which can be considered material used by the Licensee in the discharge of its functions under this Licence,

Any question arising as to the materiality of relevant assets shall be determined by the Commission for the purposes of this Condition.

Condition 7: Detection and Prevention of Theft of Electricity

1. In respect to the transmission system, the Licensee shall (and shall ensure that its agents) take all reasonable steps to detect and prevent:

- (a) the theft of electricity;
- (b) damage to any electrical plant, electric line and Metering Equipment; and
- (c) interference with any Metering Equipment.

2. Where the Licensee has reason to believe that:

- (a) the theft of electricity is taking place or has taken place; or
- (b) there has been interference with the Metering Equipment to alter its register or prevent it from duly registering the quantity of electricity supplied or produced;

the Licensee shall, as soon as reasonable practicable, inform the affected Supplier of the incident in question.

3. In this Condition:

“theft of electricity” means the dishonest use, waste or diversion of electricity, within the meaning of Section 15 of the Energy (Miscellaneous Provisions) Act, 1995.

Condition 8: Transmission System Security and Planning Standards

1. The Licensee shall provide assistance to and co-operate with the Transmission System Operator in the development and review of the Transmission System Security and Planning Standards and in the preparation of the document to be prepared by the Transmission System Operator entitled the “**Transmission System Security and Planning Standards**”.
2. The Licensee shall at all times comply with the Transmission System Security and Planning Standards, in so far as these are applicable to the Licensee.
3. The Licensee may seek a derogation relieving the Licensee of its obligations under paragraph 2 in respect of parts of the Transmission System Security and Planning Standards and the Commission may issue directions relieving the Licensee of its obligations under paragraph 2 above in respect of such parts of the Transmission System Security and Planning Standards, to such extent as may be specified in those directions.

Condition 9: Facilitate the Discharge of Transmission System Operator's Functions

1. The Licensee shall neither direct nor give instructions to the Transmission System Operator in relation to any of the functions conferred on the Transmission System Operator by the Act, the Regulations or the Transmission System Operator's licence.
2. The Licensee shall at all times facilitate the discharge by the Transmission System Operator of its functions and provide such co-operation as may be required by the Transmission System Operator in carrying out its functions under the Act, the Regulations, the System Operator Agreement or the Transmission System Operator's licence.
3. In accordance with Regulation 9(2), the Licensee shall, within such period as shall be specified by direction of the Commission, comply with any requirements considered necessary by the Transmission System Operator to enable the latter to discharge its functions.
4. The Licensee shall exercise its property rights in accordance with Regulation 9(3)(b) of the Regulations.
5. The Licensee shall comply with any requirements, directions and/or determinations as may be made by the Commission under the Act, the Regulations, the Single Market Regulations or in respect of this Condition of the Licence.

Condition 10: Duty of Non-Discrimination

In the carrying out of its functions under this Licence, the Licensee shall not discriminate unfairly between persons or classes of persons, or between system users or classes of system users, particularly in favour of its subsidiaries, associated or affiliated undertakings, joint ventures or shareholders.

Condition 11: Performance of the Transmission System Owner's Business

1. The Licensee shall, no later than four months after this Licence has come into force submit to the Commission for approval a report setting out the criteria against which the performance of the transmission system owner's business can be measured. The Commission may from time to time make amendments to such criteria as it sees fit and shall notify the Licensee of such amendments.
2. The Licensee shall conduct the Transmission System Owner's Business in the manner which it reasonably considers to be best calculated to achieve any and all standards and/or targets of performance as may be determined by the Commission from time to time.
3. The Licensee shall, periodically review (including at the request of the Commission) the performance criteria. Following any such review, the Licensee shall send to the Commission:
 - (a) a report of the outcome of such review; and
 - (b) revisions which it is proposed to make to the performance criteria (having regard to the outcome of the review).
4. Revisions to the criteria proposed by the Licensee and sent to the Commission pursuant to paragraph 3 shall be subject to the approval of the Commission.
5. The Licensee shall report annually on the performance of the Transmission System Owner's Business using the criteria specified in paragraph 1.
6. The performance criteria specified in paragraph 1 as approved by the Commission and the report on performance specified in paragraph 5 shall be published and made available on the Licensee's web-site.

Condition 12: Access to Land and/or Premises

1. The Licensee shall provide to the Transmission System Operator such access to the Licensee's land and/or premises as the Transmission System Operator requires in order to discharge its functions under the Act, the Regulations, the Infrastructure Agreement or the Transmission System Operator's licence.
2. The Licensee shall no later than three months after this Licence comes into force, prepare and submit to the Commission for its approval a code of practice setting out the principles and procedures the Licensee will follow in respect of any person acting on its behalf who requires access to land and/or premises.
3. The code of practice shall include procedures calculated to ensure that persons visiting land and/or premises on behalf of the Licensee:
 - (a) possess the skills necessary to perform the required duties;
 - (b) are readily identifiable to members of the public;
 - (c) are appropriate persons to visit and enter land and/or premises.
5. The Licensee shall periodically review (including at the request of the Commission) this code of practice and any revision of such code of practice shall be subject to the approval of the Commission.
6. The Licensee shall ensure that it complies with the code of practice or any revision to the code or procedure approved by the Commission.

Condition 13: Separation of the Transmission System Owner's Business

1. The Licensee shall as soon as practical and in any event not later than 28 days after this Licence has come into force, designate a division of the Board, to be approved by the Commission, to exercise the functions of the transmission system owner under the Regulations and this Licence to be known as the Transmission System Owner's Business.
2. The Licensee shall as soon as practicable and in any event not later than 28 days after this Licence has come into force appoint a managing director (by that or whatever alternate title he or she may be known) and shall ensure that the said managing director shall have sufficient resources including staff to perform the functions of the transmission system owner.
3. The managing director shall not be a member of the board of directors of the Licensee or of any affiliate, related undertaking or of any Separate Business of the Licensee.
4. Subject to such arrangements as the Commission may direct in the interests of economic efficiency in accordance with Section 14 (13) of the Act (as inserted by Regulation 32(l)(c) of the Regulations), the managing director shall not be engaged by the Licensee in any capacity other than as managing director of the Transmission System Owner's Business and shall report on the operation of the Transmission System Owner's Business to the Chief Executive Officer and/or the board of directors of the Licensee only. Recognising that the implementation of changes necessary for the complete and effective separation of the Transmission System Owner's Business from other Separate Businesses of the Licensee cannot be achieved with immediate effect from the date of issue of this Licence, the managing director may also, for a transitional period, retain the existing reporting arrangements. This transitional period shall be set down by the Commission following consultation with the Licensee but shall not exceed two years from the date of issue of this Licence.
5. Subject to such arrangements as the Commission may direct in the interests of economic efficiency in accordance with Section 14 (13) of the Act (as inserted by Regulation 32(1)(c) of the Regulations), the Licensee shall secure the complete and effective separation of the Transmission System Owner's Business from other Separate Businesses of the Licensee. This separation shall include, but not be limited to, ring-fencing in relation to:
 - (a) access to and exchange of information including (without limitation) undertakings by individual employees regarding the non-disclosure of information; and
 - (b) information systems; and
 - (c) resources including (without limitation) staff, premises, finance; and
 - (d) a code of conduct on the transfer and/or movement of employees, either part-time or full time, between the Transmission System Owner's Business and any other Separate Business of the Licensee.

The Licensee shall comply with any requirement or direction as may be made by the Commission from time to time for the purposes of this Condition.

6. The Licensee shall require that the managing director to report to the Commission on the implementation of any measures which the Licensee is required to undertake in relation to paragraph 5. Any report supplied under this Condition shall be supplied in such form and at such time as the Commission may require. The first report shall be made within 28 days of the appointment of the managing director.
7. The Licensee shall appoint a compliance officer who is responsible, *inter alia*, for ensuring compliance of the Transmission System Owner's Business with this Condition. The compliance officer shall report exclusively to the Chief Executive Officer and/or the board of directors of the Licensee on compliance matters. The compliance officer shall report to the Commission, in such form and at such times as the Commission requires, on the effectiveness of the practices, procedures and systems implemented by the

Licensee on the complete and effective separation of the Transmission System Owner's Business from the other Separate Businesses of the Licensee. Any such report may be published by the Commission.

8. The Licensee shall provide the Commission with any information or access to information the Commission may deem necessary in relation to the ring-fencing of the Transmission System Owner's Business.

Condition 14: Separate Accounts for Separate Businesses

1. The Licensee shall prepare annual accounts in accordance with Regulation 27 (Unbundling of accounts of electricity undertakings) of the Regulations and shall deliver to the Commission a copy of the annual audited accounts so prepared as soon as reasonably practicable, and in any event no later than three months after the end of the period to which the accounts relate. This period may be extended by the Commission to six months, at the request of the Licensee, in respect of the first accounting year.
2. Without prejudice to paragraph 1, the Licensee shall, in its internal accounting, keep or cause to be kept accounts for the Transmission System Owner's Business as a whole which when requested from time to time by the Commission, must be delivered to the Commission in the form and at the times specified by the Commission. The accounts shall be in accordance with such regulatory accounting guidelines as may be issued by the Commission from time to time. The accounts shall also be in accordance with any and all directions as are reasonable and appropriate for the purposes of this Condition as the Commission may, from time to time, notify to the Licensee.
3. The regulatory accounting guidelines or directions notified by the Commission to the Licensee under paragraph 2 may, inter alia:
 - (a) specify the form of the accounting statements/records, including but not limited to, profit and loss accounts, balance sheets, recognised gains and losses statements, cash flow statements and statements of the amounts of any revenues, costs, assets, liabilities, reserves or provisions which have been either charged from or to any other business or determined by allocation or apportionment between the consolidated Transmission System Owner's Business and any other business.
 - (b) specify the nature and content of the accounting statements/records, including information on specified types of revenue, cost, asset or liability and information on the revenues, costs, assets and liabilities attributable to specified activities.
 - (c) require any reconciliation that may be required with the annual accounts of the Licensee prepared under the Companies Acts, 1963 to 1999;
 - (d) specify the accounting principles (including the basis for the allocation of costs) and the bases of valuation to be used in preparing accounting statements/records.
4. The Licensee shall not, in relation to the accounting statements in respect of a financial year, change the basis of charge, apportionment or allocation from those applied in respect of the previous financial year, unless the Commission shall previously have issued directions for the purposes of this Condition directing the Licensee to change such basis in a manner set out in the directions or the Commission gives its prior written approval to the change in such basis.
5. The Licensee shall comply with any directions issued by the Commission for the purposes of this Condition.

Condition 15: Prohibition of Subsidies and Cross-subsidies

1. The Licensee shall procure that the Transmission System Owner's Business does not give any subsidy or cross-subsidy (direct or indirect) to any other Separate Business of the Licensee and/or any affiliate or related undertaking of the Licensee.
2. For the purposes of this Condition, the Commission shall determine whether or not subsidisation or cross-subsidisation is taking place. Where the Commission determines that a subsidy or cross-subsidy involving the Transmission System Owner's Business is taking place, the Commission may issue a direction to that effect and require the cessation of same.
3. Nothing which the Licensee is obliged or permitted to do or not do pursuant to this Licence shall be regarded as a subsidy or cross-subsidy for the purposes of this Condition.

Condition 16: Restriction on Use of Certain Information

1. The Licensee shall preserve the confidentiality of commercially sensitive information held and/or obtained by it in the discharge of its functions as transmission system owner in accordance with the Regulations, the Act, the Infrastructure Agreement and this Licence.
2. The Licensee shall implement such measures and procedures and take all such other steps as shall be specified in directions issued by the Commission from time to time for the purposes of this Condition to be in its opinion reasonably necessary for the purpose of securing compliance by the Licensee with its obligations under paragraph 1.
3. The Licensee shall ensure that confidential information is only disclosed to authorised recipients, classes of authorised recipients or authorised advisors.
4. Paragraphs 1 and 3 shall not apply to:
 - (a) any confidential information which, before or after it is furnished to the Licensee's employees, is in the public domain; or
 - (b) the disclosure of any confidential information:
 - (i) in compliance with the duties of the Licensee under the Act, the Regulations, the Single Market Regulations, the Infrastructure Agreement or any other requirement of a competent authority; or
 - (ii) in compliance with the Conditions granted in this Licence or any document referred to in this Licence with which the Licensee is required by virtue of the Act, the Regulations, the Single Market Regulations, the Infrastructure Agreement or this Licence to comply; or
 - (iii) in compliance with any other requirement of law; or
 - (iv) pursuant to any judicial or other arbitral process or tribunal of competent jurisdiction; or
 - (c) any confidential information to the extent that the Licensee is expressly permitted or required to disclose that information under the terms of any agreement or arrangement (including the Grid Code, the Distribution Code, the Metering Code, the Trading and Settlement Code and the Single Electricity Market Trading and Settlement Code) with the relevant person to whose affairs such confidential information relates.
5. Without prejudice to the other provisions of this Condition, the Licensee shall procure that any additional copies made of the confidential information, whether in hard copy or computerised form, will clearly identify the confidential information as confidential.
6. The Licensee shall take all reasonable measures to prevent (so far as the Licensee can so require) any person who is or ceases to be employed by the Licensee, whether that person is or was employed part-time or full time in the Transmission System Owner's Business, from disclosing confidential information.
7. The Licensee shall take all reasonable steps to ensure that every authorised adviser to whom the Licensee discloses confidential information does not use that confidential information for any purpose other than that for which it was provided and does not disclose that confidential information otherwise than in accordance with the provisions of this Condition.
8. This Condition is without prejudice to the duties at law of the Licensee towards outside persons.
9. In this Condition:

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| “authorised adviser” | means such professional advisers of the Licensee, engaged and acting in that capacity, as require access to any confidential information; |
| “authorised recipient” | means, in relation to any confidential information, any employee who, before the confidential information had been divulged to him by the Licensee, had been informed of the nature and effect of this Condition and who requires access to such confidential information for the proper performance of his duties as an employee in the course of permitted activities; |
| “confidential information” | means any commercially sensitive information held and/or obtained by the Licensee in the discharge of its functions as Transmission System Owner under the Act, the Regulations, the Infrastructure Agreement and this Licence. |
| “commercially sensitive information” | means any matter the disclosure of which would materially prejudice the interest of any person. |

Condition 17: Payment of Levy

1. The Licensee shall pay to the Commission any amounts specified in, or determined under, a Levy Order, in accordance with the provisions of such Levy Order.
2. In this Condition:

“Levy Order” means an Order made by the Commission under paragraph 16 of the Schedule to the Act.

Condition 18: Provision of Information

1. Subject to the provisions of Condition 16, the Licensee shall furnish to the Transmission System Operator and/or the Distribution System Operator in such manner and at such times as may reasonably be required, such information as may be required by the Transmission System Operator and/or the Distribution System Operator in order for them to carry out their respective licensed activities and duties under the Regulations, the Act, the Single Market Regulations, the System Operator Agreement and the Infrastructure Agreement (as appropriate).
2. For the purposes of this Condition, the Commission shall decide on any difference or dispute between the Transmission System Owner and any other party and the Commission shall issue a direction regarding its decision, as it sees fit, regarding the matter in dispute and the Licensee shall comply with such direction.

Condition 19: Provision of Information to the Commission

1. The Licensee shall procure and furnish to the Commission, in such form and at such times as the Commission may require, such information as the Commission may consider relevant in the light of the Conditions or as it may require for the purpose of performing the functions assigned or transferred to it by or under the Act or the Regulations.
2. The power of the Commission to call for information under paragraph 1 is without prejudice to the power of the Commission to call for information under or pursuant to any other Condition of this Licence or under or pursuant to the Act or the Regulations.
3. In this Condition “**information**” means oral or written and shall include, without limitation, any books, documents, records, accounts (statutory or otherwise), estimates, returns or reports of any description (whether or not in electronic or any other format, or prepared specifically at the request of the Commission) requested by the Commission and any explanations (oral or written) in relation to such information as may be requested by the Commission.
4. The information shall be to a level of audit as may be required by the Commission from time to time.
5. The Commission may publish any information provided to the Commission under this Licence. In exercising its discretion under this Condition, the Commission shall have regard to the need to protect confidential information.

Condition 20: Compliance with Codes

1. The Licensee shall comply with the provisions of the Grid Code, the Distribution Code, the Metering Code and the Trading and Settlement Code in so far as applicable to the Licensee.
2. The Licensee shall be party to and shall comply with the Single Electricity Market Trading and Settlement Code insofar as applicable to it.

Condition 21: Compliance with Laws and Directions

1. The licensee shall comply with the Act, the Regulations, the Single Market Regulations, the Infrastructure Agreement, the Conditions of this Licence and all relevant EU laws.
2. For the purposes of the Regulations, the Act, the Single Market Regulations, the Infrastructure Agreement, this Licence and/or the Transmission System Operator's licence, the Commission shall issue a direction on any dispute between the Transmission System Operator and the Transmission System Owner and the Licensee shall comply with such direction.
3. The Licensee shall comply with any requirements, directions or determinations made by the Commission pursuant to the Act, the Regulations, the Single Market Regulations, the Infrastructure Agreement or this Licence.
4. Any costs associated with compliance with this Condition shall be the responsibility of the Licensee.
5. The Licensee shall monitor and keep a record of its compliance with this Licence, and any requirement, direction, determination, code, procedure or guideline it is required to comply with.

Condition 22: Environment

1. The Licensee shall comply with all applicable European Union and Irish Environmental Laws whether in force at the date hereof or in the future and also with any direction given to it from time to time by the Commission in pursuance to the Commission's duty under Section 9(5)(a) of the Act to take account of the protection of the environment.
2. The Licensee shall, not later than such date as the Commission may specify and in consultation with the Commission, prepare and from time to time modify a written policy setting out the manner in which the Licensee proposes to comply with its duties and obligations under all applicable European Union and Irish Environmental Laws and any direction issued to it under this Condition.
3. The Licensee shall report annually to the Commission on its environmental performance in such form and at such times as the Commission may specify.
4. For the purposes of this Licence, "**Environmental Laws**" means those laws which are from time to time in force whose purpose is the protection of the environment including the protection of human health, flora, fauna and the ecosystems on which they depend, and for the avoidance of doubt shall include but shall not be limited to the Environment Protection Act, 1992, the Waste Management Act, 1996 and all relevant legislation relating to the assessment of environmental impacts, and the protection of air, land and water.

Condition 23: Health and Safety

1. The Licensee shall take all reasonable steps to protect persons and property from injury and damage that may be caused by the Licensee when carrying out the Transmission System Owner's Business.
2. The Licensee shall ensure that a technical and safety audit is undertaken in respect of the transmission system owner's business annually by an independent expert whose appointment is approved by the Commission.
3. The Licensee shall provide the results of such audits carried out in a timely manner to the Commission.

SCHEDULE

Right of Commission to revoke Licence

1. The Commission may at any time revoke this Licence by not less than 30 days' notice in writing to the Licensee:
 - (a) if the Licensee agrees in writing with the Commission that this Licence should be revoked;
 - (b) if any amount payable under a Levy Order is unpaid 30 days after it has become due and remains unpaid for a period of 14 days after the Commission has given the Licensee notice in writing that the payment is overdue, provided that no such notice shall be given earlier than the sixteenth day after the day on which the amount payable became due;
 - (c) if the Licensee fails to comply with a direction, determination or order under the Act, the Single Market Regulations or the Regulations, which (in respect of any of these cases) has been made in respect of a contravention or apprehended contravention of any of the Conditions of this Licence or any requirement, direction or determination made under this Licence and (in respect of any of these cases) such failure is not rectified to the satisfaction of the Commission within three months or such other period as the Commission shall determine after the Commission has given notice of such failure to the Licensee, provided that in respect of a direction under Section 24 (Issue of notice by Commission concerning contraventions, etc.) of the Act, no such notice shall be given by the Commission before the expiration of the period within which representations or objections under Section 24 (Issue of notice by Commission concerning contraventions, etc.) of the Act could be made questioning a direction under Section 24 (Issue of notice by Commission concerning contraventions, etc.) of the Act or before the proceedings relating to any such representations or objections are finally determined;
 - (d) if the Licensee fails to comply with any Order made by the Minister under Section 39 (Public service obligations) or Section 40 (Transitional arrangements) of the Act;
 - (e) if the Licensee:
 - (i) is unable to pay its debts (within the meaning of Section 214 of the Companies Act, 1963) or if it enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms and within such period as may previously have been approved in writing by the Commission); or
 - (ii) has a receiver or an examiner within the meaning of the Companies (Amendment) Act, 1990 of the whole or any material part of its assets or undertaking appointed; or
 - (iii) passes any resolution for winding up other than a resolution previously approved in writing by the Commission; or
 - (iv) becomes subject to an order for winding up by a court of competent jurisdiction;
 - (f) if:
 - (i) there is a change in the control of the Licensee; and
 - (ii) the Commission is satisfied that the new shareholder (together with the other companies in the group) does not have adequate technical, financial or managerial strength, taking into account the size of its shareholding in the Licensee; and
 - (iii) the Commission serves notice on the Licensee stating that the Commission proposes to revoke this Licence in pursuance of this paragraph unless such further change in control of the Licensee as is specified in the notice takes place within the period of three months beginning with the date of service of the notice; and

(iv) that further change does not take place within that period;

(g) if the Licensee shall have failed to notify the Commission as soon as practicable thereafter that a change in the control of the Licensee shall have occurred;

2.

(a) For the purposes of paragraph 1(e)(i) of this Schedule, Section 214 of the Companies Act, 1963 shall have effect as if for “£1,000” there was substituted “£50,000” or such higher figure as the Commission may from time to time determine by notice in writing to the Licensee.

(b) There is a change in the control of the Licensee for the purposes of paragraphs 1(f) and (g) of this Schedule whenever a person has control of the Licensee who did not have control of the Licensee when this Licence was granted.