

BY:

NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION (the “**Authority**”) in favour of **NIE ENERGY LIMITED**, whose registered office is at 120 Malone Road, Belfast, BT9 5HT and whose company number is NI27394 (the “**Nominated Associate**”).

In exercise of the powers conferred on it by the Electricity Regulations (Northern Ireland) 2007 (the “**Regulations**”), the Authority hereby approves this Property Arrangements Scheme (the “**Property Arrangements Scheme**”) for the division of the property, rights and liabilities specified herein between Northern Ireland Electricity plc (the “**Nominating Licensee**”) and its Nominated Associate in the manner hereinafter appearing and under which certain supplemental, incidental and consequential provisions are made.

WHEREAS:

- (A) The Authority may in exercise of the powers conferred on it by regulation 14 of the Regulations make a property arrangements scheme (the “**Property Arrangements Scheme**”).
- (B) Under regulation 14 of the Regulations, a Property Arrangements Scheme may provide for the transfer to the Nominated Associate who is a person nominated under regulation 13(1) of the Regulations of property, rights and liabilities falling within regulation 14 from the Nominating Licensee who holds an existing supply licence granted under Article 10(1)(c) of the Electricity (Northern Ireland) Order 1992 (the “1992 Order”) and an existing transmission licence under Article 10(1)(b) of the 1992 Order.
- (C) The Nominated Associate has consented to the making of this Property Arrangements Scheme.

THIS PROPERTY ARRANGMENTS SCHEME PROVIDES as follows:

1. INTERPRETATION

1.1 In this Property Arrangements Scheme (including the schedules), except where the context otherwise requires:

“**Effective Date**” means the date set out in clause 8.1 or such date as the Authority may appoint in accordance with clause 8.2;

“**Excluded Matters**” means the rights in relation to employees of the Nominating Licensee and any contracts of service;

“**Nominated Associate**”: NIE Energy Limited a company with registration number NI027394 whose registered office is at 120 Malone Road, Belfast BT9 5HT;

“**Nominating Licensee**”: means Northern Ireland Electricity plc a company with registration number NI026041 whose registered office is at 120 Malone Road, Belfast BT9 5HT;

“**Property Arrangements Scheme**”: means a property arrangements scheme within the meaning of regulation 14 of the 2007 Regulations;

“**Records**”: means records of the Nominating Licensee whether on paper, or in or on any electronic or electromagnetic media or in any other form;

“**Relevant Activity**”: means the activity identified or described in schedule 1;

“**SEMTSC**”: means the Single Electricity Market Trading and Settlement Code;

“Taxation”: means any and all forms of tax, duty, rate, levy, charge or other imposition or withholding whatever and by whatever authority imposed and whether of the United Kingdom or elsewhere, including any tax (including any income tax required to be deducted or withheld from or accounted for in respect of any payment, corporation tax, advance corporation tax, capital gains tax, capital transfer tax, inheritance tax, development land tax, petroleum revenue tax, value added tax, customs duties, excise duties, lottery duty, air passenger duty, turnover taxes, insurance premium tax, rates (including the uniform business rate), stamp duty, stamp duty land tax, capital duty, stamp duty reserve tax, PAYE, national insurance and other similar contributions and any other taxes, duties, rates, levies, charges, imposts or withholdings corresponding to, similar to, replaced by or replacing any of them) together with any interest penalty or fine in connection with any of them regardless of whether any such taxes, duties, rates, levies, charges, imposts, withholdings, interest, penalties or fines are chargeable directly or primarily against or attributable directly or primarily to the Nominating Licensee or any other person and of whether any amount in respect of any of them is recoverable from any other person;

“Transfer Regulations”: means the Transfer of Undertakings (Protection of Employment) Regulations 2006 and the Service Provision Change (Protection of Employment) Regulations (Northern Ireland) 2006;

- 1.2 In this Property Arrangements Scheme, except where the context otherwise requires:
 - 1.2.1 words and expressions defined in the Regulations and not otherwise defined in this Property Arrangements Scheme have the same meaning in this Property Arrangements Scheme;
 - 1.2.2 the words “includes” and “including” and “in particular” are to be construed without limitation and without prejudice to the generality of the words which precede them;
 - 1.2.3 a reference to a clause, paragraph or schedule is to a clause, paragraph or schedule of this Property Arrangements Scheme; and
 - 1.2.4 headings are for ease of reference and shall be ignored in construing this Property Arrangements Scheme.
- 1.3 The schedules to this Property Arrangements Scheme form part of this Property Arrangements Scheme and reference to this Property Arrangements Scheme includes reference to its schedules.
- 2. NOMINATED ASSOCIATE COMPANY**
 - 2.1 The Nominating Licensee has nominated the Nominated Associate as its nominated associate for the purposes of this Property Arrangements Scheme in accordance with regulation 13 of the Regulations.
- 3. TRANSFER**
 - 3.1 Subject to the following provisions of this Property Arrangements Scheme, there shall be transferred from the Nominating Licensee to the Nominated Associate on the Effective Date all rights in relation to the following property, rights and liabilities of the Nominating Licensee:
 - 3.1.1 the contracts, deeds, shares and other instruments set out or described in schedule 2 including all rights, liabilities, obligations and benefits under the same of the Nominating Licensee (whether actual, accrued, contingent or otherwise and whether arising before or after the Effective Date);
 - 3.1.2 the Records set out or described in schedule 3.

For the avoidance of doubt, the Excluded Matters shall not be transferred and shall remain with the Nominating Licensee. This shall not affect any transfers of employees effected under or pursuant to the Transfer Regulations.

3.2 The counterparties to the contracts, deeds, shares and other instruments set out or described in Schedule 2 shall release and discharge the Nominating Licensee from the observance, performance and discharge of any of the obligations, liabilities and duties owed to such counterparties.

3.3 There shall be created the rights and liabilities between the Nominated Associate and the Nominating Licensee as set out in schedule 4.

4. SAME PERSON IN LAW

4.1 Subject to clause 4.2, for all purposes in relation to each transfer in accordance with this Property Arrangements Scheme (including for the purpose of any restriction on transfer, requirement for consent, preemption right, event of default, change of control provision, right to terminate or other provision in an agreement, deed or other instrument which but for this clause 4.1 would be contravened or triggered by, or become exercisable by reason of, the transfer and in relation to any licence or consent whether granted under statute, statutory instrument or otherwise), the Nominated Associate is to be treated as the same person in law as the Nominating Licensee and references to the Nominating Licensee or to an employee or office holder of the Nominating Licensee are to be treated as references to the Nominated Associate or to an employee or office holder of the Nominated Associate (as applicable).

4.2 Clause 4.1 shall not apply in respect of Taxation.

5. AGREEMENTS MADE BY OR REFERRING TO THE NOMINATING LICENSEE

Agreements made, transactions effected or other things done by or in relation to the Nominating Licensee shall be treated, so far as may be necessary for the purposes of or in connection with the transfers made in accordance with this Property Arrangements Scheme, as made, effected or done by or in relation to the Nominated Associate.

6. ONGOING PROCEEDINGS

In relation to each transfer in accordance with this Property Arrangements Scheme, any proceedings commenced by or against the Nominating Licensee shall be continued by or against the Nominated Associate.

7. TRADING AND SETTLEMENT CODE

7.1 On the Effective Date the Nominated Associate shall automatically accede to the framework agreement for the SEMTSC and thereby become a party to the SEMTSC. All things made, effected or done by or in relation to the Nominating Licensee in its role as a supplier of electricity and/or as an intermediary under or pursuant to the SEMTSC shall hereby be deemed to have been made, effected or done by or in relation to the Nominated Associate and shall have the same legal effect as though they had first been made, effected or done by the Nominated Associate.

7.2 All property, rights and liabilities under the SEMTSC which, immediately prior to this Property Arrangements Scheme coming into force on the Effective Date, relate to the Nominating Licensee in its role as supplier and/or intermediary shall be transferred to the Nominated Associate on the Effective Date.

7.3 For the avoidance of doubt, the Nominating Licensee shall remain a party to the SEMTSC and all rights, obligations and liabilities which relate to the Nominating Licensee's role as transmission system owner shall remain with the Nominating Licensee.

8. EFFECTIVE DATE

8.1 This Property Arrangements Scheme shall take effect on 1 November 2007 at [00.00 hours].

8.2 The Authority may prior to the coming into effect of this Property Arrangements Scheme by instrument in writing modify the definition of Effective Date set out in clause 1 and/or this clause 8.

9. EXCLUSIVE JURISDICTION AND GOVERNING LAW

The parties hereby submit to the exclusive jurisdiction of the courts of Northern Ireland. This Property Arrangements Scheme shall be governed by the law of Northern Ireland.

THIS PROPERTY ARRANGEMENTS SCHEME is made on the day and date first before written

**The seal of the NORTHERN
IRELAND AUTHORITY
FOR UTILITY
REGULATION**)
)
)
)

.....
A person duly authorised for

by

NIE

SCHEDULE 1

RELEVANT ACTIVITY

The holding of such licences and such other industry documents as are required by the Authority in relation to the supply of electricity and such other matters as are set out in chapters 1 and 3 of the [public electricity] supply licence (whether or not the relevant conditions are in effect) held by the Nominating Licensee immediately prior to the Effective Date.

applied

for

by

NIE

SCHEDULE 2

CONTRACTS DEEDS SHARES AND OTHER INSTRUMENTS

[Note: The details of the contracts and other instruments to be included in this schedule are provided in appendix 1 to the application submitted by NIE plc to NIAUR on 14 August 2007]

Scheme

Parties - between the Nominating Licensee and:	Agreement	Date
	applied	

for

by

NIE

SCHEDULE 3

RECORDS

All records of the Nominating Licensee relating exclusively to the property rights and liabilities transferring to the Nominated Associate under this Property Arrangements Scheme.

Scheme

applied

for

by

NIE

SCHEDULE 4

RIGHTS AND LIABILITIES BETWEEN NOMINATING LICENSEE AND NOMINATED ASSOCIATE

The Nominated Associate and the Nominating Licensee shall each permit and allow upon reasonable notice and during business hours, the employees, agents and professional advisers of the other to access such records as relate to the Relevant Activity and to inspect and make copies of them.

The Nominated Associate and the Nominating Licensee shall each preserve such records as relate to the Relevant Activity and as are owned by it.

The Nominated Associate shall be entitled to require the Nominating Licensee to retain custody of the records referred to in schedule 3 to this Property Arrangements Scheme for so long as the Nominated Associate specifies.

for

by

NIE

Dated

2007

Scheme

Northern Ireland Electricity plc

Property Arrangements Scheme

pursuant to Regulation 14 of the Electricity
Regulations (Northern Ireland) 2007

Approved by the Northern Ireland Authority for
Utility Regulation pursuant to Regulation 14 of
the Electricity Regulations (Northern Ireland)
2007

[Submitted to the Authority by NIE plc pursuant to
Regulation 17(1) of the Electricity Regulations (Northern
Ireland) 2007]

NIE

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NIE