

SONI LIMITED

COMPLIANCE PLAN

INDEPENDENCE OF THE MARKET OPERATION ACTIVITY

Effective from 1 November 2007

1. Introduction

The following compliance plan is submitted pursuant to Condition 10 of SONI's licence to act as SEM Operator (the "Licence") and which requires SONI to establish, and at all times maintain, the full managerial and operational independence of the Market Operation Activity from any Associated Business.

This compliance plan, which is effective from 1 November 2007, is submitted for NIAUR's approval. The plan may be revised only with the approval of the Authority.

2. Management and Operation of the Market operation Activity

2.1 Management and staffing

SONI is managed by a separate Board which has effective decision-making rights with respect to the carrying out of the Market Operation Activity. No director of SONI is also a director of an Associated Business engaged in the generation or supply of electricity.

The Board of Viridian Group reviews the group's internal controls, risk management arrangements and governance structure. Viridian's rights of economic and management supervision include the right to approve the group's annual operating and capital expenditure budgets, financial limits of authority and to set financial limits, such as the level of indebtedness. Notwithstanding Viridian's parental rights, decisions relating to operation and management of the Market Operation Activity are taken by SONI's directors and management who are responsible for SONI's day-to-day business operations.

A register of all persons employed by SONI in the Market Operation Activity is in place and is updated monthly.

Staff employed by SONI work exclusively for the SONI licensed businesses.

It is not common practice to transfer or second SONI staff to other Viridian businesses. It is a matter for individual SONI employees to decide whether they wish to apply for vacant posts in any affiliated business that is engaged in the generation or supply of electricity, in which case the requirements in paragraph 2(e) of condition 10 of the Licence will apply to the extent that the individual was engaged in the management or operation

of the Market Operation Activity and the individual shall not be permitted to take up such post for a period of at least 3 months.

In the event that the requirements of paragraph 2(e) of condition 10 of the Licence outlined above are successfully challenged, for example where it is found to infringe the employment rights of an individual, alternative arrangements may need to be made in consultation with the Authority.

The employment contracts of staff employed in the SONI business contain appropriate provisions in relation to regulatory compliance and restriction of use of information. New staff undergo induction training following which they receive a SONI induction pack. The induction programme includes a section on SONI's regulatory obligations and lays emphasis on maintaining confidentiality when dealing with commercially sensitive information.

In line with business best practice, there are certain corporate functions that are delivered centrally. These would include finance, procurement, legal, safety etc. The individuals involved in these functions would generally not have access to protected information. Exceptionally, the Viridian Group Legal Department, which is fully familiar with the relevant regulatory obligations, may have access to such information from time to time.

As referred to above, all staff are advised that non-compliance with the guidelines on protected information is a disciplinary offence.

2.3 SONI premises, property and equipment.

SONI currently shares its premises at Castlereagh House Control Centre with NIE's Power Procurement Business (PBB). Plans are being progressed to re-locate PBB and it is hoped that this will be completed around the end of this year or very early in 2008 (but no later than April 2008). Between SEM Go-Live and the re-location of PBB appropriate access restriction procedures and safeguards will be put in place to ensure that PBB does not use or have access to the parts of the premises occupied by persons engaged in the management or operation of the Market Operation Activity.

Otherwise Associated Businesses have access to SONI premises on the same basis as other undertakings unaffiliated to SONI e.g. for the purpose of business meetings etc.

It is confirmed that no assets of SONI, including property and equipment, are provided for the use of any Associated Business.

2.4 SONI systems.

The IT systems used by the Market Operation Activity are separate from those used by any other Associated Business and the systems for recording, processing or storage of data to which persons engaged in the management or operation of the Market Operation Activity have access are not used by any Associated Business.

2.5 Branding

SONI will use new branding and a logo in respect of its Market Operation Activity.

3. Audit Arrangements and Compliance Investigations

PwC will be engaged as internal auditors to assist in the audit of SONI's procedures supporting compliance with Condition 10 of its Licence. The scope of the audits and the review of the audit findings will be agreed with SONI's Compliance Manager.

4. Compliance Reporting to NIAUR

The Compliance Manager will submit to the Authority, by [30 June] each year, a compliance report covering the year ending 31 March.

5 Further information.

Requests for information or complaints or communications relating to business separation should be addressed to

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