

THIS PROPERTY ARRANGEMENTS SCHEME IS MADE ON 23rd October 2007

BY:

THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION (the **Authority**) pursuant to an application received from Northern Ireland Electricity plc (**NIE**) under Regulation 13 of the Electricity Regulations (Northern Ireland) 2007 (the **Electricity Regulations**) for the transfer of property, rights and liabilities from NIE to NIE Energy Limited (**NIE Energy**) and in exercise of the Authority's powers under Regulation 14 of the Electricity Regulations.

WHEREAS:

- (A) NIE:
- (i) holds a public electricity supply licence under Article 10(1)(c) of the Electricity (Northern Ireland) Order 1992 (the **Electricity Order**); and
 - (ii) holds an electricity transmission licence under Article 10(1)(b) of the Electricity Order; and
 - (iii) undertakes activities which include the supply and distribution of electricity.
- (B) Regulation 12 of the Electricity Regulations applies to NIE as holder of the licences and undertaker of the activities referred to in Recital (A) above.
- (C) Pursuant to Regulation 13 of the Electricity Regulations and the Authority's direction of 26 July 2007 specifying 14 August 2007 as the date by which such nomination and application must be made, NIE has:
- (i) nominated NIE Energy as its associate (as defined in Regulation 12(4) of the Electricity Regulations) for the purpose of holding NIE's public electricity supply licence as if it were a licence granted to it under Article 10(1)(c) of the Electricity Order as it is to be amended by Regulation 6 of the Electricity Regulations; and
 - (ii) applied to the Authority for a Property Arrangements Scheme for the transfer of property, rights and liabilities from itself to NIE Energy.
- (D) The Authority may, in exercise of the powers conferred on it by Regulation 14 of the Electricity Regulations, make a Property Arrangements Scheme transferring property, rights and liabilities from NIE to NIE Energy.

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:

"Authority" means the Northern Ireland Authority for Utility Regulation established under Article 3 Part II of the Energy (Northern Ireland) Order 2003 as amended by Article 3 of the Water and Sewerage Services (Northern Ireland) Order 2006;

"Effective Time" means such date and time as shall be specified by the Authority in accordance with clause 9;

"Electricity Order" means the Electricity (Northern Ireland) Order 1992;

"Electricity Regulations" means the Electricity Regulations (Northern Ireland) 2007;

“Excluded Matters” means rights in relation to employees of NIE and any contracts of service;

“Market Registration Code” or **“MRC”** means the code of that name drawn up by NIE pursuant to Condition 29 of its licence to participate in the transmission of electricity;

“Market Registration Code Framework Agreement” means the agreement of that name drawn up by NIE pursuant to Condition 29 of its licence to participate in the transmission of electricity;

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

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

“Property Arrangements Scheme” means a Property Arrangements Scheme for the transfer of property, rights and liabilities from NIE to NIE Energy within the meaning of Regulation 14 of the Electricity Regulations;

“Records” means records 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 NIE 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 This Property Arrangements Scheme shall be interpreted as if it were an enactment to which the Interpretation Act (Northern Ireland) 1954 applied.

1.3 In this Property Arrangements Scheme, except where the context otherwise requires:

1.3.1 words and expressions defined in the Electricity Regulations and not otherwise defined in this Property Arrangements Scheme have the same meaning when used in this Property Arrangements Scheme;

1.3.2 the words “includes” and “including” are to be construed without limitation and without prejudice to the generality of the words which precede them;

- 1.3.3 a reference to a clause or Schedule is to a clause or Schedule of this Property Arrangements Scheme; and
- 1.3.4 headings are for ease of reference and shall be ignored in construing this Property Arrangements Scheme.

1.4 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

2.1 NIE has nominated NIE Energy as its associate (as defined in Regulation 12(4) of the Electricity Regulations) in accordance with Regulation 13 of the Electricity Regulations.

3. TRANSFER

3.1 Subject to the following provisions of this Property Arrangements Scheme, there shall be transferred from NIE to NIE Energy at the Effective Time all rights in relation to the following property, rights and liabilities of NIE:

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 NIE (whether actual, accrued, contingent or otherwise and whether arising before or after the Effective Time);

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 NIE. 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 NIE 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 NIE and NIE Energy 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, pre-emption 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), NIE Energy is to be treated as the same person in law as NIE and references to NIE or to an employee or office holder of NIE are to be treated as references to NIE Energy or to an employee or office holder of NIE Energy (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 NIE 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 NIE Energy.

6. ONGOING PROCEEDINGS

In relation to each transfer made in accordance with this Property Arrangements Scheme, any proceedings commenced by or against NIE shall be continued by or against NIE Energy.

7. TRADING AND SETTLEMENT CODE

7.1 NIE Energy shall, at the Effective Time, 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 NIE in its role as a supplier of electricity and/or as an intermediary under or pursuant to the SEMTSC shall be deemed to have been made, effected or done by or in relation to NIE Energy and shall have the same legal effect as though they had first been made, effected or done by NIE Energy.

7.2 All property, rights and liabilities under the SEMTSC which relate to NIE in its role as a supplier of electricity and/or as an intermediary shall be transferred to NIE Energy at the Effective Time.

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

8. MARKET REGISTRATION CODE

8.1 NIE Energy shall, at the Effective Time, automatically accede to the Market Registration Code Framework Agreement and thereby become a party to the MRC. All things made, effected or done by or in relation to NIE in its role as a supplier of electricity under or pursuant to the MRC shall be deemed to have been made, effected or done by or in relation to NIE Energy and shall have the same legal effect as though they had first been made, effected or done by NIE Energy.

8.2 All property, rights and liabilities under the MRC which relate to NIE in its role as a supplier of electricity shall be transferred to NIE Energy at the Effective Time.

8.3 For the avoidance of doubt, NIE shall remain a party to the MRC and all rights, obligations and liabilities under the MRC, other than those specified in clause 8.2, shall remain with NIE.

9. EFFECTIVE TIME

This Property Arrangements Scheme shall take effect on such date and at such time as shall be specified by the Authority.

10. 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

.....
A person duly authorised to act
on behalf of the Northern Ireland
Authority for Utility Regulation

SCHEDULE 1

RELEVANT ACTIVITY

The holding of such licences and such other industry documents as are required by the Authority in relation to (i) the supply of electricity and (ii) such other matters as are set out in chapters 1 and 3 of the public electricity supply licence under Article 10(1)(c) of the Electricity Order (whether or not the relevant conditions are in effect) held by NIE immediately prior to the Effective Time.

SCHEDULE 2

CONTRACTS, DEEDS, SHARES AND OTHER INSTRUMENTS

NIE Supply Contracts

Parties - between NIE and:	Agreement	Date
Northgate-IS	Services agreement for Billing, Call Handling and Debt Management.	10/12/04
RES-GEN Ltd	Eco-Energy power purchase agreement (NFFO) – Lendrum’s Bridge Wind Farm	9/8/99
Alphyra (PayZone)	Agreement for the provision of a payments collection service (receipting of customer payments)	6/7/00 (as amended)
Alphyra (PayZone)	Agreement for the provision of a transaction network service (provision of network capability for Agents to receipt payments)	6/7/00 (as amended)
PayPoint Collections Ltd	Paypoint Collection Agreement (receipting of customer payments) Addendum	17/10/01 24/1/06
PayPoint Networks Ltd	Paypoint Network Agreement (provision of network capability for Agents to receipt payments)	17/10/01
BT / Eckoh	Provision of IVR service for keypad payments and meter readings	19/06/05
Plastic Card Company	Manufacture of plastic customer cards for payment schemes	1/03/04
Post Office Counters Ltd	Receipting of customer payments	25/10/05
Various Micro Generation Tariff Customers	All standard form contracts for the purchase of spill and ROC’s, sale and buy back of renewables entered into with Micro Generation Tariff Customers	Various
NI Energy Agency (NIEA)	Support for services provided by the NIEA and Energy Savings Trust Advice Centres	02/08/07
Realex	Verification of debit and credit card payments via call centre and internet	29/05/07
Energy Efficiency Programme (EEP) Contractors	All standard form contracts relating to support for services and energy efficiency	Various

	installations through NIE's EEP entered into with EEP Contractors	
First Utility Ltd	Agreement relating to metering	22/06/06
Electricity Supply Board	Master Contract for Differences Agreement	25/05/07
Electricity Supply Board	Master Contract for Differences Agreement	29/05/07
Electricity Supply Board	Master Agreement relating to purchases of Non-Directed contracts	31/07/07

PPB Contracts

Parties - between NIE and:	Agreement	Date
Mr Anthony O'Neill	Randalstown NFFO1 Contract	31/03/1994
B9 Energy (O&M) Ltd	Bessy Bell NFFO1 Contract	31/03/1994
B9 Energy (O&M) Ltd	Corkey NFFO1 Contract	31/03/1994
B9 Energy (O&M) Ltd	Elliott's Hill NFFO1 Contract	31/03/1994
B9 Energy (O&M) Ltd	Rigged Hill NFFO1 Contract	31/03/1994
Harperstown Power Limited	Harperstown NFFO1 Contract	31/03/1994
Highland Light and Power	Oaklands NFFO1 Contract	29/06/1999
Highland Light and Power	Silent Valley NFFO1 Contract	29/06/1999
Herdmans	Sion Mills NFFO1 Contract	31/03/1994
Hydro Electric	Benburb NFFO1 Contract	31/03/1994
McMullan & O'Donnell	Blackwater NFFO1 Contract	31/03/1994
Park Electrical Services	Park Mills NFFO1 Contract	31/04/1994
Sean Quinn Group	Slieve Rushen NFFO1 Contract	31/04/1994
SWS Group	Owenreagh NFFO1 Contract	31/04/1994
The Forge	Carrickaness NFFO1 Contract	31/04/1994
B9 Energy Biomass Ltd	Blackwater NFFO2 Contract	04/09/1996
B9 Energy Biomass Ltd	Lendrum's Bridge NFFO2	04/09/1996

	Contract	
Blackwater Valley Museum Ltd	Benburb Small Hydro NFFO2 Contract	04/09/1996
Brook Hall Estate	Brook Hall Estate NFFO2 Contract	27/02/1996
I&H Brown Ltd	Slievenahanaghan NFFO2 Contract	04/09/1996
Airtricity	NFF Capacity & Energy Agreement	01/04/2007
Airtricity	Interim ROF Arrangements	01/07/2002
Airtricity	Supply Agreement (Energy Sales Framework Agreement)	02/08/2004
Energia	NFF Capacity & Energy Agreement	01/04/2007
Energia	Supply Agreement (Energy Sales Framework Agreement)	02/08/2004
Energia	Interim ROF Arrangements	01/07/2002
ESBie	NFF Capacity & Energy Agreement	01/04/2007
ESBie	Supply Agreement (Energy Sales Framework Agreement)	02/08/2004
ESBie	Interim ROF Arrangements	01/07/2002
Bord Gais Eireann	Supply Agreement (Energy Sales Framework Agreement)	02/08/2004
Npower Northern	BST Agreement	28/02/2005
NIE T&D	Use of System Agreement	31/03/2000
Scottish Power Energy Management Ltd	Grid Trade Master Agreement	31/03/2005
NFPAS Ltd	ROC Agency Agreement	07/10/2005
Gentix Ltd	Contract Management System Software Licence Agreement	26/03/2007
Elexon Ltd	BSC Accession Agreement	01/02/2005
National Grid Co. Plc	The Connection and Use of System Code (CUSC) Accession Agreement	25/02/2005
Ulster Bank Ltd	Airtricity Letter of Credit re NFFO	17/04/2007
IIB Bank Plc	Coolkeeragh ESB Letter of Credit	01/03/2007

IIB Bank Plc	ESBie Letter of Credit	01/05/2007
NatWest Bank Plc	Npower Letter of Credit	02/03/2005
Airtricity Limited	Non Directed Master Contract for Differences Agreement	26/07/2007
Northern Ireland Electricity plc (in its capacity as Supply Business)	Non Directed Master Contract for Differences Agreement	30/07/2007
ESB Customer Supply	Non Directed Master Contract for Differences Agreement	30/07/2007
Bord Gais Eireann	Non Directed Master Contract for Differences Agreement	30/07/2007
Viridian Energy Supply Limited	Non Directed Master Contract for Differences Agreement	30/07/2007
Various	All Non Directed Master Contract for Differences Agreements entered into on or after 1 August 2007	Various

SCHEDULE 3

RECORDS

All Records of NIE relating exclusively to the property, rights and liabilities transferring to NIE Energy under this Property Arrangements Scheme.

SCHEDULE 4

RIGHTS AND LIABILITIES BETWEEN NIE AND NIE ENERGY

NIE and NIE Energy 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.

NIE and NIE Energy shall each preserve such Records as relate to the Relevant Activity and as are owned by it.

NIE Energy shall be entitled to require NIE to retain custody of the Records referred to in Schedule 3 to this Property Arrangements Scheme for so long as NIE Energy may specify.

Dated 23rd October

2007

**NORTHERN IRELAND AUTHORITY
FOR UTILITY REGULATION**

Property Arrangements Scheme

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

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