



**Integrated Single Electricity Market
(I-SEM)**

**Modifications to the Intermediary arrangements for
the Integrated Single Electricity Market (I-SEM)**

Consultation Paper

SEM-17-006

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1. INTRODUCTION

The European Union (EU) is building an internal market for electricity and gas to help deliver energy supplies that are affordable, secure and sustainable. This internal market for electricity is underpinned by the implementation of the European Electricity Target Model (EU Target Model) arising from the EU's Third Energy Package. Specifically, the EU Target Model is a set of harmonised arrangements for the cross-border trading of wholesale energy and balancing services across EU Member States. The various European network codes and guidelines are the basis on which these harmonised arrangements in electricity are being built. In line with the requirements of the Third Energy Package, electricity network codes and guidelines are being developed by ENTSO-E, based on ACER's framework guidelines, and eventually pass through the comitology process to become legally binding EU law.

It is within this context that the SEM Committee (SEMC) committed to implementing the Integrated Single Electricity Market (I-SEM) in order to meet the requirements of the EU Target Model. In particular, at its July 2011 meeting the SEMC asked that the Regulatory Authorities (RAs) lead a team for the market integration project involving the Transmission System Operators (TSOs) and the Single Electricity Market Operator (SEMO). The I-SEM is scheduled to Go Live in Q2 2018.

This paper considers the approach to the transition of existing Intermediary arrangements from the current market to the new I-SEM market. The paper also invites comments on a proposed approach to the RAs' approval of any new Intermediary applications seeking to apply solely within the new market design.

2. PURPOSE OF PAPER

One of the RA-led work-streams in the I-SEM Project is the Energy Trading Arrangements (ETA) work-stream. As part of a wider project to identify the amendments necessary to implement the new market design via the Trading and Settlement Code (TSC), the RAs must consider the role of Intermediaries in the new market. As part of this review, it is necessary to identify what changes are required to be made to the intermediary Form of Authority (FoA), currently set out in Appendix C of the TSC, and to consider the necessary changes to ensure that it is fit for purpose for the new wholesale market arrangements (I-SEM).

The role of Intermediaries is to act for Generator owners in relation to specific generator units under the TSC. This involves taking on, for example, their rights and responsibilities including bidding, settlement and provision of credit cover. These arrangements are used by a wide range of mainly renewable units to allow suppliers to interact with the market on their behalf. It is also a mechanism

used by REFIT-supported generators to avoid the need to interact with a supplier that is not part of the same company, allowing a supply company to act on behalf of a generator owned by the same parent company.

As part of the amendments to the market design, there are two aspects to the Intermediary arrangements that need to be considered:

- 1) the mechanism by which current Intermediary consents (by the RAs) can transition to the I-SEM; and
- 2) Establishing eligibility criterion for the RAs consent to any new I-SEM Intermediary applications.

3. TRANSITION OF EXISTING ARRANGEMENTS

3.1 Current Arrangements

At present under Paragraphs 2.102 to 2.112 of the TSC, a Party (or an applicant, as applicable) may register a Generator which is owned or controlled by a third party (the Unit Owner), as a Generator Unit under the Code.

Currently, a Form of Authority (FoA) and evidence of RA approval (letter of consent) is required to be submitted to SEMO prior to the Generator Unit being registered by the Intermediary on behalf of an applicant. RA approval is granted by the relevant Regulatory Authority. The Form of Authority is completed by the Intermediary and the Generator Unit Owner. Following receipt of the completed Form of Authority accompanied by RA letter of consent, SEMO will facilitate the registration of the Unit under the Intermediary's Participant.

The current criteria by which Generators Units may qualify to be party to an Intermediary Agreement are set out in detail in the SEM-11-014 Decision Paper "Extension to the Criteria for Approval of Intermediary Applications under the Trading and Settlement Code" dated 30th March 2011. In summary those criteria which are still relevant (some have expired with the passage of time) are:

- a. **Any generator with an existing Public Service Obligation (PSO) contract (such Intermediary arrangements will cease on termination or expiry of the underlying contract);**

- b. Where a Generator Unit has registered as a Price Taker Generator Unit in accordance with the TSC and where the said Generator Unit is contracted to a Supplier Unit that is a Party to the TSC; and,**
- c. Where a Generator Unit has registered as a Price Maker Generator Unit and where the Generator Unit is contracted to a Supplier Unit that is a Party to the TSC with a Maximum Export Capacity that is less than 100 MW and which is contracted to a supplier in order to qualify for a support payment.**

There are three key aspects to the Intermediary arrangements.

- 1) Private commercial arrangements between the Generator and Intermediary: The Generator and the Intermediary must reach an agreement to govern their relationship. An example of such an arrangement might be a Power Purchase Agreement (PPA). The RAs, the TSOs and SEMO have no involvement in any aspect of these arrangements. Any such contract is likely to need to be changed by the parties to it as part of the transition to I-SEM.
- 2) RA consent: Under the terms of the Generation Licence and the TSC the RAs must consent to the appointment of the Intermediary. The current consents are granted in accordance with the criteria that are framed within the context of the SEM.
- 3) Once the Intermediary and the Generator have the RAs' consent they must submit a Form of Authority (FoA) (as currently set out in Appendix C of the TSC) to the MO signed by both parties to bring these arrangements into effect. The purpose of the FoA is to provide evidence that both parties to the Intermediary arrangement understand and have agreed to the detail of the arrangement

Later in the document, when reference is made to the Form of Authority, or FoA, this refers to the document provided under the terms of the T&SC not to any private agreement between the Intermediary and the owner of the Generator Units.

3.2 How is I-SEM different?

In the current market design, the Intermediary arrangement only affects trading in the Pool. Capacity payments for units are calculated automatically based on availability and do not involve bidding into a capacity market

The I-SEM will comprise a number of new markets including day ahead and intraday markets, a balancing market, a capacity market, forwards market and financial transmission rights auctions. These changes to the market mean that the TSC will only relate to the balancing market, and settlement of the capacity market. All ex ante trades will be governed through the SEMOpX rules currently under development. These changes mean that the responsibilities on Intermediaries will change significantly from the current SEM.

Under the new market design it will be necessary for the Intermediary to register the Generator Unit under both the TSC and the Capacity Market Code (CMC). This is obligatory for two reasons: a) licensing arrangements for generators are expected to require all generators to be registered under the CMC, and, b) settlement of capacity, including tracking performance against a unit's Awarded Capacity (as defined in the CMC) is settled through the TSC.

The increased complexity of the capacity market when compared to the current approach to capacity remuneration, the rules of which are described in the CMC¹, presents participants with new challenges but also offers new opportunities. While the registrants of all TSC-registered units are obliged to register and sign Framework Agreements to the CMC, it is expected that the majority of units represented by Intermediaries will not be obliged to participate in the capacity auction. This will mitigate units risk in the Capacity Market, but will also mean that the Unit receives no payment for its capacity. What is important to note however, is that while a unit is not obliged to participate in the auction, there will still be a registration obligation which must be fulfilled. This registration process, even where no participation in the CRM auction is foreseen, is a new activity that Intermediaries will need to fulfil.

This could change the risk profile of the Intermediary arrangement significantly, as, theoretically, depending on the nature of the private bilateral agreement between the parties the generator unit could face either positive or negative financial exposure in the capacity market. This could place a new financial risk on the generator owner.

Due to the need for this additional registration process, and the potential change in risk profile faced by units where capacity market participation occurs, it is the RAs' view that a simple "grandfathering" or transfer of SEM intermediary arrangements to I-SEM does not appear appropriate. However, the RAs also take the view that it would not be appropriate to require all

¹ See <https://www.semcommittee.com/sites/semcommittee.com/files/media-files/SEM-17-004a%20CRM%20Capacity%20Market%20Code.pdf> ; closing date 24 February 2017

existing Intermediary arrangements to seek new consents from the RAs as part of the transition to I-SEM. All parties are operating to challenging timelines, preparing for all aspects of the transition to I-SEM and such an additional burden does not seem to be justified. The RAs therefore are of the view that the right approach is to “grandfather” the RA consents for all existing Intermediary arrangements; that is to maintain the existing RA consents into the I-SEM arena. This does not mean that all such Intermediary arrangements will have to endure. The consent is only one of the three necessary elements of the Intermediary set out above. The other two elements (the underlying contract changes and the Form of Authority) would have to continue also to enable the Intermediary arrangement to endure into the I-SEM arena.

3.3 Transition from SEM to ISEM

The RAs have considered a range of simplified processes for the transition, which might allow the existing Form of Authority to endure in respect of trading under the TSC. Having examined such approaches in detail, the RAs are of the view that the changes to the impact of an Intermediary arrangements, particularly in respect of the risk profile in the Capacity Market are such that a set of legally robust steps are necessary to enable an Intermediary arrangement to endure into I-SEM.

The key elements of this process are as follows:

- The generator and proposed intermediary must submit a new Form of Authority to the relevant body required for registration. A copy of this FoA should also be provided to the relevant RA. The new FoA, a draft of which is shown in the Annex 1 below, requires:
 - The generator permits the Intermediary to continue to act as the Participant in respect of its plant under the TSC;
 - The generator permits the Intermediary to act in respect of its plant under the CMC;
 - Where the Generator Unit is such that it is not obliged to bid into the Capacity Auctions under the CMC, the generator must state whether the Intermediary is permitted to submit an offer in respect to that Generator Unit
- It is proposed that the transition of the RA consent should be time limited to provide for the possibility of review or extension by the relevant RA at a later date
- On receipt of such documents in a satisfactory form, the RA will issue a time-limited extension to its previous consent and copy such consent to the TSOs and to SEMO

This process allows for the possibility that one or other party to an Intermediary arrangement does not wish it to continue (or cannot agree contract terms which will permit it to continue). Under those circumstances no new FoA would be submitted and the existing Intermediary arrangements would endure under the terms of the TSC which would apply to all Trading Periods prior to the I-SEM Cutover Time. In addition the process requires both parties to give full and proper consideration to the way their relationship will have to change as a result of the implementation of I-SEM. A key element of that consideration will be the benefits and risks of participation in the Capacity Auction and the way such benefits and risks are to be shared between the parties.

4. ESTABLISHING ELIGIBILITY CRITERION FOR NEW I-SEM INTERMEDIARY ARRANGEMENTS

4.1 Context: Current Criteria

Intermediaries were originally proposed as a means of dealing with exceptional circumstances under which pre-existing bilateral arrangements could not be readily transitioned to the new SEM market. The power purchase arrangements in Northern Ireland between the Power Procurement Businesses of Northern Ireland Electricity and a number of generators are a specific example of such arrangements. The use of Intermediaries by generators provided for a straightforward and transparent means of dealing with specific types of legacy arrangements under the SEM, effectively minimising disruption caused to existing arrangements that otherwise would be impractical. While in one sense, such provisions constitute bilateral arrangements outside the Pool, the energy is still bid through the Pool (by the Intermediary). In addition, such arrangements were deemed not to significantly alter the position that would arise if the specific legacy arrangements were capable of being easily transitioned across to CfDs. Nonetheless, it was decided in the RAs' original decision on Intermediaries (AIP/SEM/07/029) that restrictions should be put in place on the number of Intermediary arrangements in the SEM. Some of the significant drawbacks of unlimited intermediary arrangements noted in the paper included:

- the existence of Intermediary arrangements has the potential to create additional concentrations of market power - e.g. if unchecked, provision for Intermediaries could, at the extreme, allow one person to bid in all available generation into the market;
- market monitoring in the SEM could be made more difficult if Intermediaries were to be permitted across the board at any size; and,
- it being more complex to ensure that generation licensing obligations such as compliance with the TSC, obligations to comply with the Grid Code, restrictions on bidding behaviour; compliance with other codes and contracts etc. can be applied in relation to Intermediary generator units.

In view of the above considerations, the Regulatory Authorities decided that strict criteria should be applied in assessing applications.

As noted above, the current criteria by which Generator Units may be subject of an Intermediary Agreement are set out in full in SEM-11-014 but in summary are:

- a. Any generator with an existing Public Service Obligation (PSO) contract (such Intermediary arrangements will cease on termination or expiry of the underlying contract);
- b. Where a Generator Unit has registered as a Price Taker Generator Unit in accordance with the TSC and where the said Generator Unit is contracted to a Supplier Unit that is a Party to the TSC; and,
- c. Where a Generator Unit has registered as a Price Maker Generator Unit and where the Generator Unit is contracted to a Supplier Unit that is a Party to the TSC and the Generator Unit has a Maximum Export Capacity that is less than 100 MW which is contracted to a supplier in order to qualify for a support payment.

The current criteria has evolved over time following further decisions. These decisions are set out in this consultation paper for ease of reference.

Criteria for Approval of Intermediary Applications under the Trading & Settlement Code (AIP/SEM/07/029) identified criteria A and permits an Intermediary to be appointed in respect of a Generator Unit where there is a contract with the Intermediary in respect of the Generator Unit which was entered into on or before 27th February 2007.

In the case of:

- I. A contract which was not a PSO contract, the appointment was limited to 12 months from SEM Go live;
- II. A contract which is a PSO contract, the appointment was permitted and was not limited to 12 months.

This decision was intended to facilitate participants that had existing contracts under which the output from the plant was contracted to another party. The concern was that these contracts may have been difficult to renegotiate in the SEM model which stipulates that the participant who owns or controls the generator must sell its output through the SEM. It should be noticed that the first of these criteria has expired with the passage of time.

Revisions to the Criteria for Approval of Intermediary Applications under the Trading and Settlement Code (SEM/07/011) added criterion B - "Any generator that is capable of being registered as a Variable Price Taker"

The extension to the criteria was to allow Intermediary arrangements that minimise the administrative burden on smaller participants. The concern that Intermediary arrangements would allow for a concentration of market power, without a concentration of ownership of generating assets is mitigated by restricting the arrangements to price taking generators only, as they have a limited ability to influence the SEM price.

Criteria C, “Any generator registered as a Price Maker Generator Unit with a Maximum Export capacity that is less than 100 MW which is contracted to a supplier in order to qualify for a support payment” is set out in *Extension to the Criteria for Approval of Intermediary Applications under the Trading and Settlement Code* (SEM-44-014).

The intention of this criteria is to allow certain generators to receive REFIT support payments. The requirement that the generator and Intermediary be affiliated is intended to limited further concentration of market power.

The RAs have provided time-limited exemptions from the criteria set out above, specifically in the case of the CER-ESB Asset Strategy Agreement to facilitate the transfer of assets from ESB to Endesa. This exemption was provided for in SEM-08-170.

4.2 Transition of Criteria to I-SEM

In relation to the criteria, which should be used in the assessment of any application for an Intermediary in the I-SEM arena, the RAs take the view that as far as the trading of energy is concerned all the issues discussed in the above three papers still apply. This means that, from an energy trading point of view all that is needed is a translation of the current criteria into the I-SEM context; that is the removal of terms such as “price maker” and “price taker” which no longer exist and their replacement with more relevant terminology.

The provisions relating to Price Taker and Price Maker Generator Units are set out in paragraphs 2.53 to 2.56A of the TSC. These paragraphs make it clear that most Generator Units are Price Maker Generator Units. A Generator Unit may only be a Price Taker Generator Unit if it is an Autonomous Generator or if it has Priority Dispatch for the whole of its output and chooses to be registered as a Price Taker Generator Unit.

This means that the criteria set out in SEM-11-014 where an Intermediary may be appointed become:

- A. Where a party’s participation in a bilateral agreement is under a PSO contract then the use of an Intermediary will be permitted for the duration of that contract;

- B. Where a Generator Unit has Priority Dispatch for the whole of its output and is contracted to a Supplier that is a Party to the TSC; or
- C. Where a Generator Unit is non-controllable and non-dispatchable for the whole of its output and is contracted to a Supplier that is a Party to the TSC;
- D. Where a Generator Unit is contracted to a Supplier that is a Party to the TSC and the following criteria are satisfied:
 - The Generator Unit has been allocated to a support-scheme where to access payments , the requirements of the scheme are that such an Intermediary must be appointed to receive the support-scheme payments and that no alternative method of receiving support-scheme payments in the SEM exists;
 - The generator’s Maximum Export Capacity is less than 100MW; and
 - Subject to applicable licence conditions, the Intermediary appointed will only act on behalf of a generator in the SEM with which it has a related undertaking or affiliate as set out in the relevant jurisdictional Generation Licenses.

It should be noted that all of this discussion concerns Intermediaries in the energy trading environment. Such arrangements have never previously existed in relation to capacity trading in the SEM because no capacity market has existed. It is for this reason that the RAs take the view that the “grandfathering” of their consents should be time-limited and that, after a review of the operation of Intermediaries in the Capacity Market, the RAs may consider it is appropriate to extend such consents or may wish to further review the above criteria and seek for the re-application of some, or indeed all, Intermediary applications.

5. FORM OF AUTHORITY IN I-SEM FOR NEW ENTRANTS

Annex 1 shows the proposed content of the Form of Authority to be submitted under the transitional process described in Section 3 above and for all subsequent applications for Intermediary arrangements unless required only so long as the current SEM endures. In this latter case the Form of Authority shown in Appendix 3 of the TSC will apply.

Following a full legal review the FoA shown in Annex 1 will form the basis of the FoA to be included in Appendix 3 of Part B of the new TSC.

6. GOVERNANCE

When the new Capacity Market Code and Trading and Settlement Code are both implemented, there will be references to Intermediaries in both Codes. In order to avoid duplication and the possibility of needing to ensure alignment between the two Codes, it is proposed that the definition of Intermediary should be in Part B of the TSC and the CMC would refer to that definition. Similarly the Form of Authority would be in Appendix 3 of Part B of the TSC and again, the CMC would (as necessary) refer to that FoA. This means that any change to the Intermediary process or to the FoA would have to be effected through the TSC Part B modification process. Any changes to the rights and obligations of Intermediaries in either Code would have to be effected through that Code's modification process. Both the Code Modification Committees would have to be aware of the need to ensure that any such changes did not impact upon the other Code. Any such impacts would have to be handled through a parallel modification proposal in the other Code.

The Intermediary arrangements will continue to exist in what will become Part A of the TSC. These arrangements will have no effect in respect of any Trading Period after the I-SEM Cutover Time. It is possible that any Intermediary arrangements where the parties involved take no action under the process described above would continue to exist only in respect of Part A of the TSC.

7. QUESTIONS FOR CONSIDERATION

The SEM Committee welcomes views on all aspects of this paper, including answers to the following specific questions:

- Do you have views on the proposed process for how current intermediary arrangements should be transitioned to I-SEM?
- Do you agree that the transfer of the RA consent should be time-limited and if so, how long that time should be?
- Are the new criteria accurate as possible translations of the core concepts underlying the existing SEM approvals?
- Were the RAs to consult at some point in future on new or amended criteria for intermediary approvals, what criteria do you think might be required in I-SEM?
- Do you have views on the proposed form for the new, single FoA shown in Annex 1?

8. NEXT STEPS

Interested parties are invited to respond to the consultation, presenting views on the options set out in this paper or alternative approaches that may be applicable along with any evidence they feel would support any arguments made.

Responses to this consultation paper should be sent to Kenny Dane (Kenny.Dane@uregni.gov.uk) and Sheena Byrne (shbyrne@cer.ie) by 17:00 on 3rd March 2017.

Please note that we intend to publish all responses unless marked confidential. While respondents may wish to identify some aspects of their responses as confidential, we request that non-confidential versions are also provided, or that the confidential information is provided in a separate annex. Please note that both Regulatory Authorities are subject to Freedom of Information legislation.

Annex 1
Form of Authority to be used for Grandfathering and post-Cutover Time

FORM OF AUTHORITY

FORM OF AUTHORITY FOR APPOINTMENT OF AN INTERMEDIARY

THIS FORM OF AUTHORITY dated the [] day of [] [20] is made between:

(I) [Insert name of generator (if a company, please give full corporate name)]:

("Licensed Generator")

having its place of business at [Insert address of Licensed Generator]

being a [registered company/partnership/sole trader etc.] registered under the laws of [insert country of registration if a company] and whose company registration number is [insert if a company];

and

(II) [Insert name of proposed intermediary (if a company, please give full corporate name)]

("Intermediary")

having its place of business at [Insert address of Intermediary]

being a [registered company/partnership/sole trader etc.] registered under the laws of [insert country of registration if a company] and whose company registration number is [insert if a company].

In respect of

[Insert description of generator unit or units to which this Form of Authority applies]

("Units")

Whereas

1. The Licensed Generator legally controls the Units and is the subject of a [[licence/authorisation/exemption] issued by the CER to use the Units for the purpose of generation of electricity in Ireland] [and] [a [licence/authorisation/exemption] issued by the NIAUR to use the Units for the purpose of generation of electricity in Northern Ireland];
2. The Licensed Generator and the Intermediary (i) are parties to a contract (“the Contract”) which satisfies criteria I and III for appointment of an Intermediary pursuant to Regulatory Authorities’ Decision Paper AIP/SEM/07/029 (“Criteria I and III”) and/or (ii) **[refer to other relevant criteria as the case may be]**, (each of Criteria I and III, **[refer to other relevant criteria as the case may be]** are referred to in this Form of Authority as an “Intermediary Criterion”), or [(iii)] have been granted a specific exemption by the Regulatory Authorities from the requirement to satisfy an Intermediary Criterion;
3. The Licensed Generator wishes to appoint the Intermediary to act as the Participant in respect of the Units under (i) the Trading and Settlement Code (**TSC**), and (ii) the Capacity Market Code (**CMC**), by reference to the meaning of “Participant” as defined in the TSC or CMC as applicable and the Intermediary wishes to accept such appointment, in accordance with the following terms.
4. By letter dated [x] addressed to the Licensed Generator and the Intermediary the Regulatory Authorities consent to the appointment by the Licensed Generator of the Intermediary to act as such.
5. [Drafting to cover Grandfathering arrangements]

1. Interpretation

- 1.1 In this Form of Authority, “Trading and Settlement Code” or “TSC” means the trading arrangements for the SEM established in Northern Ireland pursuant to section 23 of the Northern Ireland (Miscellaneous Provisions) Act 2006 and the Electricity (Single Wholesale Market) (Northern Ireland) Order 2007 and in Ireland pursuant to section 9BA(1) of the Electricity Regulation Act 1999 (Ireland) and as designated pursuant to regulations made under section 9BA(2)(a) of the Electricity Regulation Act 1999 (Ireland) as amended from time to time.
- 1.2 In this Form of Authority, “Capacity Market Code” or “CMC” means the code, as amended from time to time, that has been designated as the Capacity Market Code by the Regulatory Authorities for the purposes of the condition in the respective Transmission System Operator Licences of EirGrid and SONI which require them to enter into and at all times administer and maintain in force a code which makes provision for arrangements to secure generation adequacy and capacity to meet the demands of consumers including (without limitation) rules and procedures for the application for, and allocation of, agreements to remunerate the provision of electricity capacity (whether through the provision of generation, electricity supplied via interconnectors, reduction in demand or otherwise) across the island of Ireland.
- 1.3 Capitalised terms which are not defined in this Form of Authority shall have the meanings ascribed thereto in the Trading and Settlement Code or the Capacity Market Code (as noted).

2. Authorisation under the Trading and Settlement Code

- 2.1 The Licensed Generator hereby appoints and authorises the Intermediary to register the Units as Generator Units for the purposes of participation in the Balancing Market

under the Trading and Settlement Code and the Intermediary accepts such appointment.

- 2.2 **[[Wording for New FoAs]** The Licensed Generator authorises the Intermediary, subject to the Intermediary becoming a Party to the Trading and Settlement Code and successfully registering the Units under the TSC, to undertake all of the obligations, covenants, undertakings, duties and liabilities of a Participant in respect of the Units under the TSC [for the duration of the Contract] [] and the Intermediary agrees to such.
- 2.3 The Licensed Generator authorises the Intermediary, subject to the Intermediary becoming a Party to the Trading and Settlement Code and successfully registering the Units under the TSC, to benefit from all of the rights of a Participant under the TSC, including the right to receive payments under the TSC, in respect of the Units [for the duration of the Contract] [] and the Intermediary agrees to such.]

OR

- 2.2 **[[Wording for Grandfathered FoAs]** The Licensed Generator authorises the Intermediary, subject to the Intermediary becoming a Party to the Trading and Settlement Code and successfully registering the Units under the TSC, to undertake all of the obligations, covenants, undertakings, duties and liabilities of a Participant in respect of the Units under the TSC until the expiry of eighteen (18) months from the Cutover Time and the Intermediary agrees to such.
- 2.3 The Licensed Generator authorises the Intermediary, subject to the Intermediary becoming a Party to the Trading and Settlement Code and successfully registering the Units under the TSC, to benefit from all of the rights of a Participant under the TSC, including the right to receive payments under the TSC, in respect of the Units until the expiry of eighteen (18) months from the Cutover Time and the Intermediary agrees to such.]

3. [Authorisation under the Capacity Market Code

- 3.1 The Licensed Generator hereby appoints and authorises the Intermediary to participate with the Units in the Capacity Market under the Capacity Market Code and the Intermediary accepts such appointment.
- 3.2 **[[Wording for New FoAs]** The Licensed Generator authorises the Intermediary, subject to the Intermediary becoming a Party to the Capacity Market Code and (i) successfully registering the Units under the TSC, or (ii) registering or provisionally registering the Units as a Candidate Unit or Candidate Units under the CMC, to undertake all of the obligations, covenants, undertakings, duties and liabilities of a Participant in respect of the Capacity Unit or Capacity Units under the CMC [for the duration of the Contract] [] and the Intermediary agrees to such.
- 3.3 The Licensed Generator authorises the Intermediary, subject to the Intermediary becoming a Party to the Capacity Market Code and (i) successfully registering the Units under the TSC, or (ii) registering or provisionally registering the Units as a Candidate Unit or Candidate Units under the CMC, to benefit from all of the rights of a Participant under the CMC, in respect of the Candidate Unit or Candidate Units [for the duration of the Contract] [] and the Intermediary agrees to such.]

OR

- 3.2 **[[Wording for Grandfathered FoAs]** The Licensed Generator authorises the Intermediary, subject to the Intermediary becoming a Party to the Capacity Market

Code and (i) successfully registering the Units under the TSC, or (ii) registering or provisionally registering the Units as a Candidate Unit or Candidate Units under the CMC, to undertake all of the obligations, covenants, undertakings, duties and liabilities of a Participant in respect of the Capacity Unit or Capacity Units under the CMC until the expiry of eighteen (18) months from the Cutover Time and the Intermediary agrees to such.

- 3.3 The Licensed Generator authorises the Intermediary, subject to the Intermediary becoming a Party to the Capacity Market Code and (i) successfully registering the Units under the TSC, or (ii) registering or provisionally registering the Units as a Candidate Unit or Candidate Units under the CMC, to benefit from all of the rights of a Participant under the CMC, in respect of the Candidate Unit or Candidate Units until the expiry of eighteen (18) months from the Cutover Time and the Intermediary agrees to such.]]

Restricted authority under the Capacity Market Code

[Where the Capacity Unit concerned is permitted by the CMC either to participate in the Capacity Auction or not this paragraph will specify the agreement whether the Intermediary is to participate or not. Wording will be finalised in parallel with the Capacity Market Code.]

4. Governing Law and Jurisdiction

- 4.1 The governing law of this Form of Authority shall be the law of Northern Ireland.
- 4.2 The parties hereby submit to the exclusive jurisdiction of the Courts of Ireland and the Courts of Northern Ireland for all disputes arising out of, under or in relation to this Form of Authority.

[To be executed as a Deed and (where appropriate to the legal form of the Licensed Generator) under seal]