

TRANSMISSION SYSTEM OPERATOR LICENCE

GRANTED TO

EIRGRID

CONTENTS

| | Page No |
|---|---------|
| PART I TERMS OF THE LICENCE | 1 |
| PART II CONDITIONS OF THE LICENCE | 2 |
| Section A Transition Conditions | 2 |
| Condition 1 Application of Licence Conditions | 2 |
| Condition 2 Transition Steps (General) | 4 |
| Condition 3 Transition Steps (Specific) | 6 |
| Condition 4 Run-Off Steps (General) | 7 |
| Condition 5 Run-Off Steps (Specific) | 9 |
| Section B Conditions to Apply from SEM Go-Active to SEM Go-Live | 11 |
| Condition 1 Interpretation and Construction | 11 |
| Condition 2 Infrastructure Agreement | 15 |
| Condition 3 General Functions | 16 |
| Condition 4 System Operator Agreement | 17 |
| Condition 5 Connection to and Use of the Transmission System | 19 |
| Condition 6 Settlement System and the Trading and Settlement Code | 20 |
| Condition 7 Single Electricity Market Trading and Settlement Code | 21 |
| Condition 8 Forecast Statement | 22 |
| Condition 9 Development Plan | 23 |
| Condition 10 Interconnectors | 24 |
| Condition 11 Central Dispatch | 25 |
| Condition 12 Economic Procurement of Assets, Services and Ancillary Services | 27 |
| Condition 13 Relevant Assets | 28 |
| Condition 14 Additional Use or Disposal of Relevant Assets | 29 |
| Condition 15 Detection and Prevention of Theft of Electricity | 30 |
| Condition 16 Transmission System Security and Planning Standards | 31 |
| Condition 17 Operating Security Standard | 32 |
| Condition 18 Duty of Non-Discrimination | 33 |
| Condition 19 Performance of the Transmission System Operation Business | 34 |
| Condition 20 Access to Land and/or Premises | 35 |
| Condition 21 Prohibited Activities | 36 |
| Condition 22 Restriction on Use of Certain Information | 37 |
| Condition 23 Separate Accounts for Separate Businesses | 39 |
| Condition 24 Prohibition of Subsidies and Cross-subsidies | 40 |
| Condition 25 Payment of Levy | 41 |
| Condition 26 Public Service Obligation | 42 |
| Condition 27 Provision of Information | 43 |
| Condition 28 Provision of Information to the Commission | 44 |
| Condition 29 Code of Conduct | 45 |
| Condition 30 Grid Code | 46 |
| Condition 31 Distribution Code | 47 |
| Condition 32 Compliance with Laws and Directions | 48 |
| Condition 33 Environment | 49 |
| Condition 34 Health and Safety | 50 |
| Section C Conditions to Apply from SEM Go-Live | 51 |
| Condition 1 Interpretation and Construction | 51 |
| Condition 2 Infrastructure Agreement | 56 |
| Condition 3 General Functions | 57 |
| Condition 4 System Operator Agreement | 58 |
| Condition 5 Connection to the Transmission System and/or Use of the All-Island Transmission Networks | 60 |

| | |
|--|----|
| Condition 6 Single Electricity Market Trading and Settlement Code..... | 61 |
| Condition 7 Forecast Statement..... | 62 |
| Condition 8 Development Plan..... | 63 |
| Condition 9 Interconnectors | 64 |
| Condition 10 Central Dispatch | 65 |
| Condition 11 Economic Procurement of Assets, Services and Ancillary Services | 68 |
| Condition 12 Relevant Assets | 69 |
| Condition 13 Additional Use or Disposal of Relevant Assets..... | 70 |
| Condition 14 Detection and Prevention of Theft of Electricity | 71 |
| Condition 15 Transmission System Security and Planning Standards | 72 |
| Condition 16 Operating Security Standard..... | 73 |
| Condition 17 Duty of Non-Discrimination | 74 |
| Condition 18 Performance of the Transmission System Operation Business..... | 75 |
| Condition 19 Access to Land and/or Premises | 76 |
| Condition 20 Prohibited Activities..... | 77 |
| Condition 21 Restriction on Use of Certain Information | 78 |
| Condition 22 Separate Accounts for Separate Businesses | 80 |
| Condition 23 Prohibition of Subsidies and Cross-subsidies..... | 81 |
| Condition 24 Payment of Levy | 82 |
| Condition 25 Public Service Obligation | 83 |
| Condition 26 Provision of Information | 84 |
| Condition 27 Provision of Information to the Commission | 85 |
| Condition 28 Code of Conduct | 86 |
| Condition 29 Grid Code..... | 87 |
| Condition 30 Distribution Code | 88 |
| Condition 31 Compliance with Laws and Directions | 89 |
| Condition 32 Environment..... | 90 |
| Condition 33 Health and Safety | 91 |

PART I TERMS OF THE LICENCE

1. The Commission for Energy Regulation (hereinafter referred to as "**the Commission**"), in exercise of the powers conferred by Section 14(1)(e) 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 "**SI 445 of 2000**"), hereby grants to EirGrid (hereinafter referred to as "**the Licensee**") a licence to operate the transmission system to transmit electricity 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 Operator as provided for in Regulation 8 (Functions of the transmission system operator) of SI 445 of 2000, as amended by Regulation 6 of the European Communities (Internal Market in Electricity) Regulations 2005 (hereinafter referred to as "**SI 60 of 2005**").
3. The Conditions are subject to modification or amendment in accordance with Sections 14(3), 14(6)(a) and 19 of the Act.
4. This Licence shall come into force on 1st July 2006 and 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 Energy Regulation on 29th June 2006.

Commissioner

Member of staff of the Commission

PART II 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) Conditions 2 and 3 of this Section A shall cease to apply on the date which is three months after SEM Go-Live or on such other date as may be specified by the Commission;
 - (b) Conditions 4 and 5 of this Section A shall cease to apply one day after the date which is six years and one month after SEM Go-Live or on such other date as may be specified by the Commission;
 - (c) the Conditions set out in Section B shall cease to apply on SEM Go-Live; and
 - (d) the Conditions set out in Section C shall apply from SEM Go-Live.
2. Where a Condition ceases to apply in accordance with paragraph 1(a), 1(b) or 1(c), the Conditions shall automatically be modified by the deletion of that Condition.
3. Once all of the Conditions referred to in paragraphs 1(a), 1(b) and 1(c) 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(d)).
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:

“core industry documents” means those documents which:

 - (a) are referred to in, or are (or are to be) established or required to be entered into pursuant to, a licence granted under the Act; or
 - (b) in the opinion of the Commission, are central industry documents associated with the licensed activities of the Licensee or electricity undertakings and which have been designated as such by the Commission;

“electricity undertaking” 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;

“Island of Ireland” 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;

“Market Operator Licensee” means EirGrid plc in its capacity as market operator licensed pursuant to Section 14(1)(j) of the Act or any other person which may, from time to time, hold a licence pursuant to Section 14(1)(j) of the Act;

“Northern Ireland authorised electricity operator” has the meaning given to the expression “authorised electricity operator” in the licence granted under Article 10(1)(b) of the Electricity (Northern Ireland) Order 1992 to SONI or a licence subsequently granted under Article 10(1)(b) of the Electricity (Northern Ireland) Order 1992;

“pre-SEM arrangements” means the arrangements relating to the system of trading in electricity and settling electricity imbalances established by the Electricity Regulation Act 1999 (Trading Arrangements in Electricity) Regulations 2000 (S.I. 49 of 2000);

“run-off” means, in relation to any arrangements, the bringing to an end of those arrangements, which shall include the determination and settlement (including by way of reconciliation) of electricity and payments in connection with periods up to and including the point at which such arrangements are brought to an end;

“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” 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;

“Single Electricity Market Trading and Settlement Code” 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;

“Single Market Operation Business” 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;

“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; and

“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.

Condition 2 Transition Steps (General)

1. The Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to give full and timely effect to:
 - (a) any modifications made (or which the Licensee knows, or should reasonably know, are to be made) to this Licence and to the licences of electricity undertakings in accordance with the Act;
 - (b) the conditions of the licence held by the Market Operator Licensee;
 - (c) any conditions imposed (or which the Licensee knows, or should reasonably know, are to be imposed) by any exemption granted pursuant to section 14(2F) of the Act; and
 - (d) the matters envisaged by such modifications and conditions (including, without limitation, the establishment, amendment or termination of rights and obligations under, core industry documents),

so that the Licensee is able to comply with such modifications, conditions and matters from the time at which they are effective.

2. Without prejudice to paragraphs 1 and 4, the Licensee shall, to the extent reasonably requested by electricity undertakings or Northern Ireland authorised electricity operators, co-operate with electricity undertakings and Northern Ireland authorised electricity operators, as well as the Market Operator Licensee, the Commission and such other persons as the Commission may direct, and shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to enable:
 - (a) such electricity undertakings to comply with their statutory or licence obligations to give full and timely effect to the modifications, conditions and matters referred to in paragraph 1, so that such electricity undertakings are able to comply with such modifications, conditions and matters from the time at which they are effective;
 - (b) such electricity undertakings to comply with any directions made by the Commission under the provisions of their licences which are equivalent to paragraph 3; and
 - (c) such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to prepare for the Single Electricity Market,

and where the Licensee considers that a request for co-operation is unreasonable the Licensee shall refer the request to the Commission who shall issue a decision as to whether the request is reasonable, and the Licensee shall comply, and act in a manner consistent, with such a decision.

3. The Commission may issue directions to the Licensee setting out the steps (including, without limitation, those referred to in paragraph 5) to be taken or procured by the Licensee which are, in the reasonable opinion of the Commission, appropriate in order to give full and timely effect to the modifications, conditions and matters referred to in paragraph 1 that are applicable to it, so that the Licensee is able to comply with the modifications, conditions and matters referred to in paragraph 1 that are applicable to it from time to time.
4. Without prejudice to paragraphs 1 and 2, the Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to comply with directions made from time to time by the Commission in accordance with paragraph 3.
5. Directions made by the Commission under paragraph 3 may include, without limitation, requirements relating to the following steps:

- (a) securing or facilitating the amendment or establishment of any of the core industry documents;
 - (b) securing the co-ordinated and effective commencement and implementation of the Single Electricity Market Trading and Settlement Code and operations thereunder (including, without limitation, the testing, trialling and start-up of the systems, processes and procedures employed in such implementation and employed by electricity undertakings and others in connection with such operations); and
 - (c) for the Licensee, an electricity undertaking or a Northern Ireland authorised electricity operator to refer to the Commission for determination disputes regarding the matters referred to in paragraph 1(d) and for the Licensee and electricity undertakings to comply with any such determination.
6. The Commission may, at any time, by a further direction in accordance with paragraph 3 (in order to give (or continue to give) full and timely effect to the modifications, conditions and matters referred to in paragraph 1 that are applicable to the Licensee), amend or cancel any direction (or part thereof) previously made under paragraph 3.
7. Without prejudice to any public, administrative or common law right or contractual right that the Licensee may have to bring any claim against any person, the Licensee shall not take any step, or exercise any right, which is intended to hinder or frustrate the giving of full and timely effect to the modifications, conditions and matters referred to in paragraph 1.
8. If the Licensee is aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 3 and its compliance with any other Condition of this Licence, the Licensee shall promptly inform the Commission of such conflict.
9. Provided the Licensee complies with paragraph 8, the other Conditions of this Licence shall prevail over this Condition in the event of conflict. If there is any conflict between a direction made under paragraph 3 and another requirement of this Licence, the provisions of the direction shall prevail.
10. The Licensee shall provide to the Commission, in such manner and at such times as the Commission may reasonably require, such information and shall procure and furnish to it such reports as the Commission may reasonably require or deem necessary or appropriate to enable the Commission to monitor the Licensee's compliance with the requirements of this Condition, including (without limitation):
- (a) information as to the Licensee's readiness concerning the modifications, conditions and matters referred to in paragraph 1; and
 - (b) status reports concerning the matters referred to in paragraph 1(d), and drafts of any legal documents by which such matters are to be achieved.
11. If the Licensee is aware (or should reasonably be aware) of any matter or circumstance which it considers will (or which the Licensee should reasonably consider likely to) hinder or frustrate the giving of full and timely effect to the modifications, conditions and matters referred to in paragraph 1, the Licensee shall forthwith inform the Commission of such matter or circumstance.

Condition 3 Transition Steps (Specific)

1. Without prejudice to the generality of Condition 2 of this Section A, the Licensee shall:
 - (a) undertake such testing, trialling and start-up of its systems, processes and procedures to the extent appropriate in the circumstances;
 - (b) to the extent reasonably requested by electricity undertakings and Northern Ireland authorised electricity operators, co-operate with electricity undertakings and Northern Ireland authorised electricity operators who wish to test and trial systems employed by them in connection with such systems, processes and procedures;
 - (c) to the extent reasonably requested by electricity undertakings, co-operate with electricity undertakings who wish to test and trial systems employed by them in connection with the Single Market Operation Business's systems, processes and procedures (such co-operation to include the provision of meter data); and
 - (d) co-operate with, and provide such information as is required by, the Commission in relation to any audit conducted by the Commission,

and where the Licensee considers that such a request for co-operation as is referred to in subparagraph (b) or (c) of this paragraph is unreasonable, the Licensee shall refer the request to the Commission who shall issue a decision as to whether the request is reasonable, and the Licensee shall comply, and act in a manner consistent, with such a decision.

2. In this Condition:

"meter data" has the meaning given to it in the Single Electricity Market Trading and Settlement Code.

Condition 4 Run-Off Steps (General)

1. The Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to fully and effectively run-off from SEM Go-Live, the pre-SEM arrangements for which it is responsible.
2. Without prejudice to paragraphs 1 and 4, the Licensee shall, to the extent reasonably requested by electricity undertakings or Northern Ireland authorised electricity operators, co-operate with electricity undertakings and Northern Ireland authorised electricity operators, as well as the Market Operator Licensee, the Commission and such other persons as the Commission may direct, and shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to:
 - (a) fully and effectively run-off, from SEM Go-Live, the pre-SEM arrangements;
 - (b) enable such electricity undertakings to comply with any directions made by the Commission under the provisions of their licences which are equivalent to paragraph 3; and
 - (c) enable such Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to run-off the pre-SEM arrangements,and where the Licensee considers that a request for co-operation is unreasonable the Licensee shall refer the request to the Commission who shall issue a decision as to whether the request is reasonable, and the Licensee shall comply, and act in a manner consistent, with such a decision.
3. The Commission may issue directions to the Licensee setting out the steps to be taken or procured by the Licensee which are, in the reasonable opinion of the Commission, appropriate in order to fully and effectively run-off, from SEM Go-Live, the pre-SEM arrangements for which the Licensee is responsible.
4. Without prejudice to paragraphs 1 and 2, the Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to comply with directions made from time to time by the Commission in accordance with paragraph 3.
5. The Commission may, at any time, by a further direction in accordance with paragraph 3 (in order to fully and effectively run-off, from SEM Go-Live, the pre-SEM arrangements for which the Licensee is responsible), amend or cancel any direction (or part thereof) previously made under paragraph 3.
6. Without prejudice to any public, administrative or common law right or contractual right that the Licensee may have to bring any claim against any person, the Licensee shall not take any step, or exercise any right, which is intended to hinder or frustrate the full and effective run-off, from SEM Go-Live, of the pre-SEM arrangements.
7. If the Licensee is aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 3 and its compliance with any other Condition of this Licence, the Licensee shall promptly inform the Commission of such conflict.
8. Provided the Licensee complies with paragraph 7, the other Conditions of this Licence shall prevail over this Condition in the event of conflict. If there is any conflict between a direction made under paragraph 3 and another requirement of this Licence, the provisions of the direction shall prevail.
9. The Licensee shall provide to the Commission, in such manner and at such times as the Commission may reasonably require, such information and shall procure and furnish to it such

reports as the Commission may reasonably require or deem necessary or appropriate to enable the Commission to monitor the Licensee's compliance with the requirements of this Condition.

10. If the Licensee is aware (or should reasonably be aware) of any matter or circumstance which it considers will (or which the Licensee should reasonably consider likely to) hinder or frustrate the full and effective run-off, from SEM Go-Live, of the pre-SEM arrangements, the Licensee shall promptly inform the Commission of such matter or circumstance.

Condition 5 Run-Off Steps (Specific)

1. Without prejudice to the generality of Condition 4 of this Section A, the Licensee shall:
 - (a) provide and operate a settlement system in accordance with the Trading and Settlement Code; and
 - (b) provide meter data,in each case to the extent required in order to fully and effectively run-off, from SEM Go-Live, the pre-SEM arrangements.

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 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 SI 445 of 2000 or SI 60 of 2005, shall, unless otherwise defined herein, have the same meaning when used in the Conditions.
3. In the Conditions, unless otherwise specified or the context otherwise requires:

"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, in each case within the meaning of the Companies Acts, 1963 to 2003;

"All-Island Transmission Networks" means the transmission system together with the Northern Ireland Transmission System;

"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 SI 445 of 2000;

"Development Plan" means the plan required to be prepared by the Licensee pursuant to Regulation S(6)(a) (functions of transmission system operator) of SI 445 of 2000;

"Distribution Code" means the Distribution 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 with the approval or at the instance of the Commission;

"distribution system" has the same meaning as assigned to that term in the Distribution System Operator licence granted to the Board;

"Distribution System Operator" means the Board in its capacity as distribution system operator, licensed pursuant to Section 14(1)(g) of the Act;

"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;

"Forecast Statement" means the statement which the Licensee is required to prepare pursuant to Section 38 of the Act;

"generation unit" means any plant or apparatus for the production of electricity;

"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;

"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 Licensee with the approval or at the instance of the Commission;

"holding company" means a holding company within the meaning of the Companies Acts, 1963 to 2003;

"Infrastructure Agreement" means the agreement between the Board in its capacity as Transmission System Owner and the Licensee, entered into on 16th March 2006 pursuant to Regulation 18 (Infrastructure Agreement) of SI 445 of 2000, 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;

"Island of Ireland" means the Republic of Ireland and Northern Ireland;

"Licensee" means EirGrid, formed under Regulation 34 of SI 445 of 2000;

"Market Operator Licensee" means EirGrid in its capacity as market operator licensed pursuant to Section 14(1)(j) of the Act or any other person which may, from time to time, hold a licence pursuant to Section 14(1)(j) of the Act;

"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;

"Northern Ireland Market Operator Licensee" means SONI and/or any other company or person which may from time to time be authorised to undertake the role of market operator of the Single Electricity Market by a licence granted under Article 10(1)(d) of the Electricity (Northern Ireland) Order 1992;

"Northern Ireland System Operator" means the person authorised, from time to time, under the Northern Ireland System Operator Licence in its capacity as the holder of that licence;

"Northern Ireland System Operator Licence" means the licence granted under Article 10 (1)(b) of the Electricity (Northern Ireland) Order 1992 to SONI on 3rd July 2007 or a licence subsequently granted under Article 10 (1)(b) of the Electricity (Northern Ireland) Order 1992;

"Northern Ireland Transmission System" has the meaning given to the term "transmission system" in the Northern Ireland System Operator Licence;

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

"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 any business or businesses of the Licensee, whether carried out directly or by an affiliate or related undertaking of the Licensee, other than the Transmission System Operation Business;

"**Settlement System Administrator**" means the Licensee as Settlement System Administrator for the purposes of the Trading and Settlement Code;

"**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;

"**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 Operation Business**" means the activity of the Market Operator Licensee as provided for in the licence granted pursuant to Section 14 (1)(j) of the Act and the activity of the Northern Ireland Market Operator Licensee as provided for in the licence granted under Article 10 (1)(d) of the Electricity (Northern Ireland) Order 1992;

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

"**SONI**" means SONI Limited, a company incorporated in Northern Ireland under company number NI038715;

"**subsidiary**" has the meaning given in the Companies Acts, 1963 to 2003;

"**System Operator Agreement**" means the agreement of that name entered into pursuant to Condition 4;

"**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 Operation Business**" means the business of the Licensee as operator of the transmission system;

"**transmission system**" means the system of electric lines comprising wholly or mainly the Board'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 the Board may, with the approval of the Commission, specify as being part of the distribution system), and shall include any Interconnector owned by the Board;

"**Transmission System Operator**" means the Licensee;

"**Transmission System Owner**" means the Board as owner of the transmission system, licensed pursuant to Section 14(1)(f) of the Act; and

"**Transmission System Security and Planning Standards**" means the document of that title prepared by the Licensee under the terms of this Licence.

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 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 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.
- 8. Where any Condition of this Licence requires the Licensee to act "*in conjunction with the Northern Ireland System Operator*" in the fulfilment of an obligation, the Licensee shall:
 - (a) to the extent the Licensee is reasonably capable of fulfilling that obligation without the assistance of the Northern Ireland System Operator, be obliged to fulfil that obligation and shall use all reasonable endeavours to work together with the Northern Ireland System Operator in so doing;
 - (b) to the extent the Licensee is not reasonably capable of fulfilling that obligation without the assistance of the Northern Ireland System Operator:
 - (i) ensure that the System Operator Agreement requires the Northern Ireland System Operator to provide the assistance in question, and, where it does not, seek to amend the System Operator Agreement so that it does;
 - (ii) exercise all rights available to the Licensee (including under the System Operator Agreement) in order to obtain the assistance in question; and
 - (iii) on obtaining the assistance in question, be obliged to fulfil that obligation and shall use all reasonable endeavours to work together with the Northern Ireland System Operator in so doing; and
 - (c) to the extent the Northern Ireland System Operator is obliged (by the laws or licence obligations applicable to it) to act in conjunction with the Licensee in the fulfilment of an equivalent obligation, be obliged to provide such assistance as the Northern Ireland System Operator reasonably requests in order to enable it to fulfil that obligation.

Condition 2 Infrastructure Agreement

1. The Licensee shall at all times have in force and comply with the Infrastructure Agreement.
2. The Licensee shall, together with the Transmission System Owner, 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) of SI 445 of 2000 or approved by the Commission at the request of either or both parties to the Infrastructure Agreement.

Condition 3 General Functions

1. The Licensee shall:

- (a) operate and ensure the maintenance of and, if necessary, develop a safe, secure, reliable, economical and efficient electricity transmission system, and to explore and develop opportunities for interconnection of its system with other systems, in all cases with a view to ensuring that all reasonable demands for electricity are met and having due regard for the environment; and
- (b) ensure the availability of all ancillary services which are necessary for the Licensee to carry out its functions in paragraph (a) insofar as this availability is independent from any other transmission system with which it is interconnected; and
- (c) plan the long term ability of the transmission system to meet reasonable demands for the transmission of electricity; and
- (d) contribute to security of supply through adequate planning and operation of transmission capacity and system reliability; and
- (e) take into account the need to operate a co-ordinated distribution system and transmission system; and
- (f) report to the Commission, in such form and in such manner as may be required by the Commission, in regard to security of supply matters as specified in Regulation 28 (2) of SI 60 of 2005 and other matters as the Commission may specify. Where the Licensee is of the opinion that security of supply is threatened or likely to be threatened, it shall advise the Commission of this and make recommendations to the Commission on measures necessary to cover peak demand and deal with shortfalls.

Condition 4 System Operator Agreement

1. The Licensee shall, by 1 October 2007 (or such later date as the Commission may direct), enter into, and thereafter comply with, and, in conjunction with the Northern Ireland System Operator, at all times maintain in force an agreement (the “**System Operator Agreement**”) which:
 - (a) insofar as any matter is within the control of the Northern Ireland System Operator and affects the ability of the Licensee to carry on the Transmission System Operation Business, ensures that such matter is carried out in a manner such that the Licensee is capable, on a continuing basis, of carrying on the Transmission System Operation Business;
 - (b) insofar as any matter is within the control of the Licensee in its capacity as the holder of this Licence and affects the ability of the Northern Ireland System Operator to carry on the Northern Ireland System Operation Business, ensures that such matter is carried out in a manner such that the Northern Ireland System Operator is capable, on a continuing basis, of carrying on the Northern Ireland System Operation Business;
 - (c) insofar as a matter is within the control of the Licensee in its capacity as the holder of this Licence and/or of the Northern Ireland System Operator and affects the ability of the Market Operator Licensee and/or the Northern Ireland Market Operator Licensee to carry on the Single Market Operation Business, ensures that such matter is carried out in a manner such that the Market Operator Licensee and/or the Northern Ireland Market Operator Licensee (as applicable) is capable, on a continuing basis, of carrying on the Single Market Operation Business;
 - (d) insofar as a matter is within the control of the Market Operator Licensee and/or of the Northern Ireland Market Operator Licensee and affects the ability of the Licensee in its capacity as the holder of this Licence and/or of the Northern Ireland System Operator to carry on the Transmission System Operation Business and/or the Northern Ireland System Operation Business, ensures that such matter is carried out in a manner such that the Licensee and/or the Northern Ireland System Operator (as applicable) is capable, on a continuing basis, of carrying on the Transmission System Operation Business and/or the Northern Ireland System Operation Business (as applicable); and
 - (e) is designed so as to:
 - (i) promote the efficient discharge of the obligations imposed on the Licensee in its capacity as the Transmission System Operator, and on the Northern Ireland System Operator, under licences, laws and regulations;
 - (ii) facilitate the development, maintenance and operation of the transmission system as part of efficient, economical, co-ordinated, safe, secure and reliable All-Island Transmission Networks;
 - (iii) neither prevent nor restrict effective competition in the generation and supply of electricity on the Island of Ireland; and
 - (iv) promote good industry practice and efficiency in the implementation and administration of the matters covered by the System Operator Agreement.
2. Without prejudice to the generality of paragraph 1, the System Operator Agreement shall:
 - (a) set out the arrangements regarding the rights and obligations of the Licensee as against the Northern Ireland System Operator, in relation to contracts (and applications) for connection to the transmission system, connection to the Northern Ireland Transmission System and use of, the All-Island Transmission Networks (including as envisaged by section 34B of the Act); and

- (b) provide for the sharing of costs and the making of payments between the Licensee and the Northern Ireland System Operator including, but not limited to, any sharing of costs and the making of any payments in respect of action taken or expenditure incurred by the Licensee or Northern Ireland System Operator for the purposes of complying with the provisions of the System Operator Agreement.
- 3. The Licensee shall, in conjunction with the Northern Ireland System Operator, periodically review (including at the request of the Commission) the System Operator Agreement and its implementation.
- 4. Save as provided for in paragraphs 5 and 6 below, the Licensee shall procure that the System Operator Agreement is not amended otherwise than by mutual consent of all of the persons who are, at the relevant time, a party to the System Operator Agreement and in each instance where a proposed amendment may have a material impact on the business of any electricity undertaking or on the operation of the Single Electricity Market, the Licensee shall consult with electricity undertakings and give due consideration to any representations received.
- 5. The Licensee shall ensure that the System Operator Agreement allows any party to the System Operator Agreement to (without restriction) refer to the Commission any proposed amendment to the System Operator Agreement that any other party thereto disputes where the dispute remains outstanding for more than 30 days after a party serves a notice on the other parties that refers to this paragraph. Where a proposed amendment is referred to the Commission in accordance with the provision of the System Operator Agreement included in order to meet the requirements of this paragraph, the Licensee shall comply with (and, in conjunction with the Northern Ireland System Operator, amend the System Operator Agreement to conform to) that amendment to the extent it is approved by the Commission.
- 6. In addition to the matters specified in paragraph 5, the System Operator Agreement may provide for there to be referred to the Commission for determination (subject to the Commission accepting such referral) such additional matters arising under the System Operator Agreement as may be specified in the System Operator Agreement.
- 7. The Licensee shall, in conjunction with the Northern Ireland System Operator, report annually to the Commission on the operation of the System Operator Agreement to the extent relevant to the functions, rights and obligations of the Licensee.
- 8. Where required by the Commission and to the extent required by the Commission, the Licensee shall publish the terms and conditions of the System Operator Agreement on its web-site.
- 9. In this Condition:

“Northern Ireland System Operation Business” has the meaning given to the expression “Transmission System Operator Business” in the Northern Ireland System Operator Licence.

Condition 5 Connection to and Use of the Transmission System

1. The provisions of Section 34 (Terms for connection to and use of transmission or distribution system), Section 35 (Charges for connection to and use of transmission system or distribution system), Section 36 (Approval by Commission of Statement of Charges) and Section 37 (Direct lines) of the Act, as amended by SI 445 of 2000 and SI 60 of 2005, shall apply to the Licensee, save that for the purposes of the Licence references to the transmission system and the distribution system shall be read as references to the transmission system only.
2. The Licensee shall comply with any directions or determinations given to it by the Commission, from time to time, pursuant to Section 34, Section 35, Section 36 or Section 37 of the Act.
3. Where required by the Commission, the Licensee shall publish and make available on the Licensee's web-site the statement of charges for connection to and use of the transmission system approved by the Commission under Section 36 of the Act.

Condition 6 Settlement System and the Trading and Settlement Code

1. The Licensee shall comply with the Trading and Settlement Code in so far as it is applicable to it.
2. The Licensee acting as the Settlement System Administrator shall comply with and implement the Trading and Settlement Code and shall implement any and all modifications to the Trading and Settlement Code where instructed to do so by the Commission.
3. The Licensee shall provide and operate a settlement system in accordance with the Trading and Settlement Code and in accordance with any requirements which the Commission may impose on the Transmission System Operator in relation to the role of the Settlement System Administrator as provided for under Regulation 8(1)(d)(iii) of SI 445 of 2000, as amended by Regulation 6 (c) of SI 60 of 2005.

Condition 7 Single Electricity Market Trading and Settlement Code

1. The Licensee shall accede to the Single Electricity Market Trading and Settlement Code and comply with it insofar as it is applicable to it in its capacity as Transmission System Operator.

Condition 8 Forecast Statement

1. The Licensee shall, no later than such period after this Licence has come into force as the Commission shall direct, prepare in a form approved by the Commission a statement, in accordance with Section 38 of the Act, to be known and referred to as the "Forecast Statement".
2. The Licensee shall at least annually revise the information set out in and the form of the Forecast Statement in order that the Forecast Statement shall continue to be accurate in all material respects. The form of the revised Forecast Statement shall be subject to the approval of the Commission.
3. The Licensee may omit from the Forecast Statement any information the disclosure of which would place the Licensee in breach of Condition 22 (Restriction on Use of Certain Information).
4. The Licensee shall publish and make available the Forecast Statement on the Licensee's web-site.

Condition 9 Development Plan

1. The Licensee shall, no later than such period after this Licence has come into force as the Commission shall direct, prepare and submit to the Commission for approval a plan, in accordance with Regulation 8(6) of SI 445 of 2000, to be known and referred to as the Development Plan, for the development of the transmission system in order to guarantee security of supply for the following five calendar years.
2. The Licensee shall revise the Development Plan at least annually in order that the information set out in the Development Plan shall continue to be accurate in all material respects and shall submit it to the Commission for approval.
3. The provisions of Regulation 8(6) of SI 445 of 2000 (Functions of transmission system operator) shall apply to any revisions of the Development Plan.
4. The Licensee shall publish and make available the Development Plan on the Licensee's web-site.

Condition 10 Interconnectors

1. In accordance with Regulation 8(1) of SI 445 of 2000 the Licensee shall, no later than such period after this Licence has come into force as the Commission shall direct, prepare a procedure for the use of Interconnectors with other systems to be submitted to the Commission for approval.
2. The Licensee shall explore and develop opportunities to interconnect the transmission system with other systems and shall comply with any direction of the Commission pursuant to Regulation 8(7) of SI 445 of 2000.
3. The Licensee shall as soon as practicable after the commissioning of each Interconnector and, in any event, not later than such date as the Commission shall specify, prepare a statement for the approval of the Commission showing:
 - (a) the total amount of the capacity of each or all relevant Interconnector either individually or in aggregate as the Commission may decide which the Licensee anticipates will be available for the transfer of electricity from and to the State;
 - (b) the amount of that capacity of each Interconnector proposed to be reserved by the Licensee and/or any other system operator for such purposes as system security;
 - (c) such matters (if any) as the Commission shall specify prior to its approval of the statement.
4. The Licensee shall review the statement referred to in paragraph 3 in such form and at such frequency as the Commission may specify from time to time.
5. The Licensee shall publish and make any statement prepared in accordance with this Condition available on the Licensee's web-site.

Condition 11 Central Dispatch

1. The Licensee, in accordance with paragraphs 2, 3 and 4, shall schedule and issue direct instructions for:
 - (a) the dispatch of all available generation units of each Generator in the State which:
 - (i) are required to be subject to such scheduling and dispatch instructions under the terms of any licence granted under Section 14(1) of the Act as amended; or
 - (ii) are agreed by any such Generator to be subjected to such scheduling and dispatch instructions; and
 - (b) managing Interconnector flows.
2. The Licensee shall schedule and issue direct instructions for the dispatch of such generation units and Interconnector transfers as have been nominated to generate or transfer electricity:
 - (a) in accordance with the Trading and Settlement Code; and
 - (b) thereafter, taking account of the factors referred to in paragraph 3 as will in aggregate be sufficient to match at all times demand taking account of information provided by electricity undertakings, together with an appropriate margin of reserve.
3. The factors referred to in paragraph 2 shall be:
 - (a) forecast demand;
 - (b) technical constraints from time to time imposed on the total system or any part or parts thereof;
 - (c) the dynamic operating characteristics of available generation units and Interconnector transfers;
 - (d) forecast exports and imports of electricity across any Interconnector;
 - (e) transmission losses;
 - (f) the Operating Security Standard referred to in Condition 17 of this Licence;
 - (g) all information contained in each generator's ex-ante generation unit nomination and required under the Trading and Settlement Code; and
 - (h) other matters provided for in the Grid Code.
4. Having regard to information provided to it by electricity undertakings (including as to forecast levels of electricity demand and availability of generation capacity) to forecast levels of electricity available to be transferred to the State across any Interconnector or to be exported from the State across any Interconnector, and to the requirements of the approved Operating System Security standards referred to in paragraph 1 of Condition 17, the Licensee shall undertake operational planning:
 - (a) to facilitate in the matching of generation output (including a reserve of generation to provide a security margin of generation availability) with forecast demand after taking into account of inter alia:

- (i) constraints from time to time imposed by technical limitations on the transmission system or any part thereof; and
 - (ii) electricity delivered to the transmission system from generation units not subject to central dispatch; and
 - (b) consistently with sub-paragraph (a) above, in accordance with the Grid Code for transmission system outages for maintenance, repair, extension or reinforcement.
5. The Licensee shall maintain for a minimum period of seven years such data as shall be reasonably necessary to enable the Licensee in its capacity as Settlement System Administrator to calculate any payments which become due to or owing by any party under the Trading and Settlement Code, including, without limitation, records of:
- (a) generation units and Interconnector transfers available or declared as available;
 - (b) generation units and Interconnector transfers scheduled for dispatch or dispatched;
 - (c) Ancillary Services called for by the Licensee and provided;
 - (d) kilowatt hours of electricity taken from the transmission system by any electricity undertaking; and
 - (e) imports and exports of electricity across any Interconnector.

The Commission may, on the application of the Licensee and after consultation with each electricity undertaking liable to be materially affected thereby and with such other electricity undertaking as it shall consider appropriate, relieve the Licensee from its obligations under this paragraph to the extent specified in directions (which may be subject to conditions) which it shall from time to time issue to the Licensee for the purposes of this Condition.

6. The Licensee shall provide to the Commission such information as the Commission shall request concerning the central dispatch system or any aspect of its operation.

7. In this Condition:

"available" in relation to any generation unit or Interconnector transfer means a generation unit or Interconnector transfer which is **"available"** in accordance with the Grid Code and **"availability"** shall be construed accordingly;

"central dispatch" means the process of scheduling and issuing direct instructions by the Licensee referred to in paragraph 1;

Condition 12 Economic Procurement of Assets, Services and Ancillary Services

1. The Licensee shall procure such assets and services, and such quantities and types of Ancillary Services as may be necessary and appropriate to enable the Licensee to discharge its obligations under the Act, SI 445 of 2000, SI 60 of 2005 and this Licence.
2. In procuring assets, services and Ancillary Services pursuant to paragraph 1, without prejudice to the Infrastructure Agreement, the Licensee shall procure such assets, services and Ancillary Services from the most economical sources available to it having regard to the quantity and nature of the assets, services and Ancillary Services required to enable it to discharge its obligations under the Act, SI 445 of 2000, SI 60 of 2005 and this Licence and to the diversity, number, timeliness of delivery and reliability of such assets, services and Ancillary 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 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 to any affiliate, related undertaking or any Separate Business of the Licensee shall be on arms-length terms.

Condition 13 Relevant 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. The Licensee shall not dispose of, or relinquish operational control over any relevant asset if the disposal or relinquishment of control would adversely affect its ability to discharge its obligations under the Act SI 445 of 2000, SI 60 of 2005, or the carrying on of activities authorised or required by this Licence, and any question arising under this Condition shall be determined by the Commission.
3. The Commission shall issue directions from time to time requiring the Licensee to give prior written notification to the Commission of proposed 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" 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;

"relevant asset" means:
 - (a) any material transmission system equipment used by the Licensee in the discharge of its functions under this Licence but excluding equipment owned by the Transmission System Owner; and
 - (b) any control centre for use in conjunction with the transmission system; and
 - (c) any legal or beneficial interest which can be considered material in land and/or premises upon which any of the foregoing is situate and/or used by the Licensee in the discharge of its functions under this Licence.
5. Any question arising as to the materiality of relevant assets shall be determined by the Commission for the purposes of this Condition.

Condition 14 Additional Use or Disposal of Relevant Assets

1. 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 operator, 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.
2. 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.
3. In this Condition

 “**disposal**” has the meaning as defined in Condition 13 and “disposed” shall be construed accordingly;

 “**relevant assets**” has the meaning as defined in Condition 13.
4. Any question arising as to the materiality of relevant assets shall be determined by the Commission for the purposes of this Condition.

Condition 15 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 reasonably 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 16 Transmission System Security and Planning Standards

1. The Licensee shall, following consultation with the Distribution System Operator and with the Transmission System Owner, no later than such period after this Licence has come into force as the Commission shall direct, establish standards for transmission system security and planning and shall prepare a document entitled "Transmission System Security and Planning Standards" which shall embody such standards subject to the approval of the Commission.
2. The Licensee shall be responsible for operating, ensuring the maintenance of and, if necessary, developing the transmission system in accordance with the Transmission System Security and Planning Standards.
3. The Licensee shall, in consultation with the Distribution System Operator and with the Transmission System Owner, periodically review (including at the request of the Commission) the Transmission System Security and Planning Standards and their implementation. Following any such review, the Licensee shall send to the Commission:
 - (a) a report of the outcome of such review; and
 - (b) any revisions which it proposes to make to the Transmission System Security and Planning Standards (having regard to the outcome of the review); and

Revisions to the Transmission System Security and Planning Standards proposed by the Licensee shall be subject to the approval of the Commission.

4. The Commission may issue directions requiring the Licensee to revise the Transmission System Security and Planning Standards in such manner as may be specified in the directions, and the Licensee shall comply with such directions.
5. The Transmission System Security and Planning Standards shall be reviewed in the manner provided for in paragraphs 3 no later than twelve months after the date of first approval by the Commission of such standards. Such review may be extended by the Commission in directions issued to the Licensee for the purposes of this Condition.
6. The Licensee shall publish and make the Transmission System Security and Planning Standards available on the Licensee's web-site.
7. 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 17 Operating Security Standard

1. The Licensee shall, no later than such period after this Licence comes into force as the Commission shall direct, establish standards for ensuring day to day operating security and shall prepare a document entitled the "Operating Security Standards" which shall embody such standards.
2. The Licensee shall be responsible for operating the transmission system in accordance with the Operating Security Standards.
3. The Operating Security Standards shall be subject to the approval of the Commission.
4. The Licensee shall periodically review (including at the request of the Commission) the Operating Security Standards and their implementation. Following any such review, the Licensee shall send to the Commission:
 - (a) a report of the outcome of such review; and
 - (b) any revisions which it proposes to make to the Operating Security Standards (having regard to the outcome of the review); and

Revisions to the Operating Security Standards proposed by the Licensee shall be subject to the approval of the Commission.

5. The Commission may issue directions requiring the Licensee to revise the Operating Security Standards in such manner as may be specified in the directions, and the Licensee shall forthwith comply with such directions.
6. The Operating Security Standards shall be reviewed in the manner provided for in paragraphs 4 not later than twelve months after the date of first approval by the Commission of such standards. Such review may be extended by the Commission in directions issued to the Licensee for the purposes of this Condition.
7. The Licensee shall publish and make the Operating Security Standards available on the Licensee's web-site.

Condition 18 Duty of Non-Discrimination

1. 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.
2. The Licensee shall establish a compliance programme on the measures taken to ensure that discriminatory conduct by it or its employees is prevented, which shall include specific obligations imposed on its employees to prevent discrimination.
3. The Licensee shall report to the Commission at intervals of not more than one year, in such form as the Commission determines, specifying the measures taken and the level of compliance in relation to paragraph 2. The report shall be published by the Licensee in such manner as shall be determined by the Commission.

Condition 19 Performance of the Transmission System Operation Business

1. The Licensee shall, no later than such period after this Licence comes into force as the Commission shall direct, submit to the Commission for approval a report setting out the performance criteria against which the performance of the transmission system may be measured.
2. The Licensee shall conduct the Transmission System Operation 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) any revisions which it proposes to make to the performance criteria (having regard to the outcome of the review).

Revisions to the performance criteria proposed by the Licensee shall be subject to the approval of the Commission.

4. The Licensee in discharging its functions shall take into account the objective of minimising the overall costs to final customers pursuant to Regulation 8(3) of SI 445 of 2000.
5. The Licensee shall report annually on the performance of the Transmission System Operation 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 20 Access to Land and/or Premises

1. 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 that the Licensee will follow in respect of any person acting on its behalf who requires access to land and/or premises.
2. 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; and
 - (b) are readily identifiable to members of the public; and
 - (c) are appropriate persons to visit and enter land.
3. 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.
4. The Licensee shall ensure that it complies with the code or any revisions to the code as approved by the Commission from time to time.

Condition 21 Prohibited Activities

1. The Licensee shall not and shall procure that any affiliate or related undertaking of the Licensee shall not, on behalf of the Licensee, engage in the generation, distribution or supply of electricity in the State.
2. The Licensee shall notify the Commission of any interests the Licensee has in any other electricity undertaking forthwith, outside of the State, directly or indirectly acquired. The Licensee shall provide not less than two months prior written notification to the Commission of an interests in any other electricity undertakings that the Licensee intends to, directly or indirectly, acquire.

Condition 22 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 operator.
2. The Licensee shall prevent information about its own activities which may be commercially advantageous being disclosed in a discriminatory manner.
3. The Licensee shall implement such measures and procedures and take all such other steps as it shall reasonably consider and/or shall be specified in directions issued by the Commission from time to time to be necessary for the purpose of securing compliance by the Licensee with its obligations under paragraphs 1 and 2.
4. The Licensee shall ensure that confidential information is only disclosed to authorised recipients, classes of authorised recipients or authorised advisors.
5. Paragraphs 1, 2 and 4 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, SI 445 of 2000, SI 60 of 2005, 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, SI 445 of 2000, SI 60 of 2005, 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 and the Trading and Settlement Code) with the relevant person to whose affairs such confidential information relates.
6. 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.
7. 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 Operation Business, from disclosing confidential information.
8. The Licensee shall take all reasonable steps to ensure that every authorised adviser, consultant, director or member of staff 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 and pursuant to Regulation 49 (Prohibition on unauthorised disclosure of information) of SI 445 of 2000.

9. This Condition is without prejudice to the duties at law of the Licensee towards outside persons.

10. 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;

"**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 Operator under the Act, SI 445 of 2000, SI 60 of 2005, the Infrastructure Agreement and this Licence;

"**commercially sensitive information**" means any matter the disclosure of which would materially prejudice the interests of any person.

Condition 23 Separate Accounts for Separate Businesses

1. The Licensee shall prepare annual accounts in accordance with Regulation 27 (Unbundling of accounts of electricity undertakings) of SI 445 of 2000 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 four months after the end of the period to which the accounts relate.
2. Without prejudice to paragraph 1, the Licensee shall, in its internal accounting, keep or cause to be kept accounts for the Transmission System Operator'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 Operator'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 2001.
 - (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
 - (e) require separate accounts for the Settlement System Administrator activities.
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 24 Prohibition of Subsidies and Cross-subsidies

1. The Licensee shall procure that the Transmission System Operator Business shall not give any subsidy or cross-subsidy (direct or indirect) to any 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 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 25 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 26 Public Service Obligation

1. The Licensee shall comply with any public service obligation imposed on it by the Commission pursuant to Section 39 (Public service obligations) of the Act.

Condition 27 Provision of Information

1. The Licensee shall furnish to all those using and seeking to use the transmission system the information they need, on a timely basis, for efficient access to the transmission system.
2. The Licensee shall furnish to other interconnected system operators, in such manner and at such times as may be reasonably required, such information as may reasonably be required by other system operators in order to ensure the secure and efficient operation, co-ordinated development and inter-operability of the interconnected systems.
3. The Licensee shall furnish to the Distribution System Operator, in such manner and at such times as may be reasonably required, such information as may reasonably be required by the Distribution System Operator in order to ensure the secure and efficient operation, co-ordinated development and inter-operability of the transmission and distribution systems.
4. The Licensee shall furnish to the Transmission System Owner, in such manner and at such times as may be reasonably required, such information as may be reasonably required by the Transmission System Owner in order for it to carry out its licensed activities under SI 445 of 2000, SI 60 of 2005, the Act and the Infrastructure Agreement.
5. For the purposes of this Condition, the Commission shall decide on any difference or dispute between the Licensee 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 28 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 of this Licence or as it may require for the purpose of performing the functions assigned or transferred to it by or under the Act, SI 445 of 2000 or SI 60 of 2005.
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, SI 445 of 2000 or SI 60 of 2005.
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. This information may include (without limitation):
 - (a) Incremental and decremental prices;
 - (b) Top Up and Spill prices;
 - (c) Constraint payments;
 - (d) Demand forecasts;
 - (e) Consumption details;
 - (f) System Demand profiles.
6. 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 29 Code of Conduct

1. In accordance with Regulation 57 of SI 445 of 2000, the Licensee shall prepare a code of conduct, for approval by the Commission, which shall apply to every director and to every person employed by EirGrid under a contract of employment.
2. The Licensee shall ensure that the code of conduct be included as part of every contract of employment with EirGrid.

Condition 30 Grid Code

1. The Licensee, in consultation with electricity undertakings liable to be materially affected thereby, shall adopt and at all times have in force and shall implement and comply with a Grid Code in accordance with the provisions of Section 33 (Preparation of a Grid Code and a Distribution Code) of the Act.
2. The Licensee shall comply with all directions given by the Commission in relation to the Grid Code.

Condition 31 Distribution Code

1. The Licensee shall comply with the provisions of the Distribution Code, insofar as applicable to it.

Condition 32 Compliance with Laws and Directions

1. The Licensee shall comply with the Act, SI 445 of 2000, SI 60 of 2005, the Infrastructure Agreement and the Conditions of this Licence and all relevant EU laws.
2. For the purposes of SI 445 of 2000, SI 60 of 2005, the Act, the Infrastructure Agreement, this Licence and/or the Transmission System Owner'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, SI 445 of 2000, SI 60 of 2005, 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.

Condition 33 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 eco-systems 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 34 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 Operation Business.
2. The Licensee shall ensure that a technical and safety audit is undertaken in respect of the transmission system 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 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, SI 445 of 2000 or SI 60 of 2005 shall, unless otherwise defined herein, have the same meaning when used in the Conditions.

3. In the Conditions unless otherwise specified or the context otherwise requires:

“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 in each case within the meaning of the Companies Acts, 1963 to 2003;

"All-Island Networks" means the total system, the Northern Ireland Transmission System and the Northern Ireland Distribution System taken together;

“All-Island Transmission Networks“ means the transmission system together with the Northern Ireland Transmission System;

"Ancillary Services" has the meaning given in the Grid Code;

“authorised electricity operator” has the meaning given thereto in the Northern Ireland System Operator Licence;

"Board" means the Electricity Supply Board;

“Development Plan” means the plan required to be prepared by the Licensee pursuant to Regulation 8(6)(a) (functions of transmission system operator) of SI 445 of 2000;

"Distribution Code" means the Distribution 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 with the approval or at the instance of the Commission;

"distribution system" has the same meaning as assigned to that term in the Distribution System Operator licence granted to the Board;

"Distribution System Operator" means the Board in its capacity as distribution system operator, licensed pursuant to Section 14(1)(g) of the Act;

“EirGrid” means the company formed under Regulation 34 of SI 445 of 2000;

“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 a Republic of Ireland Interconnector or across

the North/South Circuits, or who has made an application for use of a Republic of Ireland Interconnector which has not been refused;

"Forecast Statement" means the statement which the Licensee is required to prepare pursuant to Section 38 of the Act;

"generation unit" means any plant or apparatus for the production of electricity;

"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;

"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 Licensee with the approval or at the instance of the Commission;

"holding company" means a holding company within the meaning of the Companies Acts, 1963 to 2003;

"Infrastructure Agreement" means the agreement between the Board in its capacity as Transmission System Owner and the Licensee, entered into on 16th March 2006 pursuant to Regulation 18 (Infrastructure Agreement) of SI 445 of 2000, as from time to time revised, amended, supplemented or replaced with the approval or at the instance of the Commission;

"Interconnector" means a Republic of Ireland Interconnector and/or a Northern Ireland Interconnector;

"Island of Ireland" means the Republic of Ireland and Northern Ireland;

"Licensee" means EirGrid, in its capacity as Transmission System Operator;

"Market Operation Activity" means the business of the Market Operator Licensee as provided for in the licence granted to the Market Operator Licensee pursuant to Section 14(1)(j) of the Act;

"Market Operator Licensee" means EirGrid in its capacity as market operator licensed pursuant to Section 14(1)(j) of the Act or any other person which may, from time to time, hold a licence pursuant to Section 14(1)(j) of the Act;

"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);

"Northern Ireland Interconnector" means for the purpose of this Licence, equipment used to link the Northern Ireland Transmission System to electricity systems outside of the Island of Ireland, and (for the avoidance of doubt) does not include the North/South Circuits;

"Northern Ireland Market Operator Licensee" means SONI and/or any other company or person which may from time to time be authorised to undertake the role of market operator of the Single

Electricity Market by a licence granted under Article 10(1)(d) of the Electricity (Northern Ireland) Order 1992;

“Northern Ireland System Operator” means the person authorised, from time to time, under the Northern Ireland System Operator Licence in its capacity as the holder of that licence;

“Northern Ireland System Operator Licence” means the licence granted under Article 10 (1)(b) of the Electricity (Northern Ireland) Order 1992 to SONI on 3rd July 2007 or a licence subsequently granted under Article 10 (1)(b) of the Electricity (Northern Ireland) Order 1992;

“Northern Ireland Distribution System” has the meaning given to the term “distribution system” in the Northern Ireland System Operator Licence;

“Northern Ireland Transmission System” has the meaning given to the term “transmission system” in the Northern Ireland System Operator Licence;

“Operating Security Standards” means the document of that title prepared by the Licensee under the terms of this Licence;

"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);

"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;

“Republic of Ireland Interconnector” means for the purpose 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;

"Separate Business" means any business or businesses of the Licensee, whether carried out directly or by an affiliate or related undertaking of the Licensee, other than the Transmission System Operation Business;

“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;

“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 Operation Business” means the activity of the Market Operator Licensee as provided for in the licence granted pursuant to Section 14 (1)(j) of the Act and the activity of the Northern Ireland Market Operator Licensee as provided for in the licence granted under Article 10 (1)(d) of the Electricity (Northern Ireland) Order 1992;

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

“SONI” means SONI Limited, a company incorporated in Northern Ireland under company number NI038715;

"subsidiary" has the meaning given in the Companies Acts, 1963 to 2003;

“Supplier” means any person licensed to supply electricity pursuant to section 14 of the Act;

“System Operator Agreement” means the agreement of that name entered into pursuant to Condition 4;

"total system" means the transmission system and the distribution system taken together;

"transmission system" means the system of electric lines comprising wholly or mainly the Board'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 Republic of Ireland 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 the Board may, with the approval of the Commission, specify as being part of the distribution system), and shall include any Republic of Ireland Interconnector owned by the Board;

"Transmission System Operation Business" means the business of the Licensee as operator of the transmission system;

"Transmission System Operator" means the Licensee in its capacity as transmission system operator pursuant to this Licence;

"Transmission System Owner" means the Board as owner of the transmission system, licensed pursuant to Section 14(1)(f) of the Act; and

"Transmission System Security and Planning Standards" means the document of that title prepared by the Licensee under the terms of this Licence.

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 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 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.
8. In discharging its obligations under this Licence, the Licensee shall take into account the following aims:
 - (a) securing the operation, maintenance and development of a safe, secure, reliable, economical, efficient and co-ordinated electricity transmission system as part of an efficient, economical, co-ordinated, safe, secure and reliable electricity transmission system on the Island of Ireland as a whole;
 - (b) facilitate the transmission system being made available to persons authorised to supply or generate electricity, on terms which neither prevent nor restrict competition in the supply or generation of electricity on the Island of Ireland as a whole;

- (c) subject to subparagraphs (a) and (b) of this paragraph 8, promoting the security and efficiency of electricity generation on the Island of Ireland as a whole and promoting the security and efficiency of electricity distribution in the Republic of Ireland;
 - (d) subject to subparagraphs (a), (b) and (c) of this paragraph 8, minimising the overall costs of the generation, transmission, distribution and supply of electricity to final customers on the Island of Ireland; and
 - (e) ensuring that all reasonable demands for electricity are met.
9. Where any Condition of this Licence requires the Licensee to act “*in conjunction with the Northern Ireland System Operator*” in the fulfilment of an obligation, the Licensee shall:
- (a) to the extent the Licensee is reasonably capable of fulfilling that obligation without the assistance of the Northern Ireland System Operator, be obliged to fulfil that obligation and shall use all reasonable endeavours to work together with the Northern Ireland System Operator in so doing;
 - (b) to the extent the Licensee is not reasonably capable of fulfilling that obligation without the assistance of the Northern Ireland System Operator:
 - (i) ensure that the System Operator Agreement requires the Northern Ireland System Operator to provide the assistance in question, and, where it does not, seek to amend the System Operator Agreement so that it does;
 - (ii) exercise all rights available to the Licensee (including under the System Operator Agreement) in order to obtain the assistance in question; and
 - (iii) on obtaining the assistance in question, be obliged to fulfil that obligation and shall use all reasonable endeavours to work together with the Northern Ireland System Operator in so doing; and
 - (c) to the extent the Northern Ireland System Operator is obliged (by the laws or licence obligations applicable to it) to act in conjunction with the Licensee in the fulfilment of an equivalent obligation, be obliged to provide such assistance as the Northern Ireland System Operator reasonably requests in order to enable it to fulfil that obligation.

Condition 2 Infrastructure Agreement

1. The Licensee shall at all times have in force and comply with the Infrastructure Agreement.
2. The Licensee shall together with the Transmission System Owner, 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) of SI 445 of 2000 or approved by the Commission at the request of either or both parties to the Infrastructure Agreement.

Condition 3 General Functions

1. The Licensee shall:

- (a) operate and ensure the maintenance of and, if necessary, develop a safe, secure, reliable, economical and efficient electricity transmission system as part of an efficient, economical, co-ordinated, safe, secure and reliable electricity transmission system on the Island of Ireland as a whole, and to explore and develop opportunities for interconnection of its system with other systems, in all cases with a view to ensuring that all reasonable demands for electricity are met and having due regard for the environment; and
- (b) ensure the availability of all ancillary services which are necessary for the Licensee to carry out its functions in paragraph (a) insofar as this availability is independent from any other transmission system with which it is interconnected; and
- (c) plan the long term ability of the transmission system to meet reasonable demands for the transmission of electricity; and
- (d) contribute to security of supply through adequate planning and operation of transmission capacity and system reliability; and
- (e) take into account the need to operate a co-ordinated distribution system and transmission system; and
- (f) co-ordinate with the Northern Ireland System Operator in order to ensure that the transmission system and the Northern Ireland Transmission System can be operated in a co-ordinated manner; and
- (g) report to the Commission, in such form and in such manner as may be required by the Commission, in regard to security of supply matters as specified in Regulation 28(2) of SI 60 of 2005 and other matters as the Commission may specify. Where the Licensee is of the opinion that security of supply is threatened or likely to be threatened, it shall advise the Commission of this and make recommendations to the Commission on measures necessary to cover peak demand and deal with shortfalls.

Condition 4 System Operator Agreement

1. The Licensee shall, by 1 October 2007 (or such later date as the Commission may direct), enter into, and thereafter comply with, and, in conjunction with the Northern Ireland System Operator, at all times maintain in force an agreement (the “**System Operator Agreement**”) which:
 - (a) insofar as any matter is within the control of the Northern Ireland System Operator and affects the ability of the Licensee to carry on the Transmission System Operation Business, ensures that such matter is carried out in a manner such that the Licensee is capable, on a continuing basis, of carrying on the Transmission System Operation Business;
 - (b) insofar as any matter is within the control of the Licensee in its capacity as the holder of this Licence and affects the ability of the Northern Ireland System Operator to carry on the Northern Ireland System Operation Business, ensures that such matter is carried out in a manner such that the Northern Ireland System Operator is capable, on a continuing basis, of carrying on the Northern Ireland System Operation Business;
 - (c) insofar as a matter is within the control of the Licensee in its capacity as the holder of this Licence and/or of the Northern Ireland System Operator and affects the ability of the Market Operator Licensee and/or the Northern Ireland Market Operator Licensee to carry on the Single Market Operation Business, ensures that such matter is carried out in a manner such that the Market Operator Licensee and/or the Northern Ireland Market Operator Licensee (as applicable) is capable, on a continuing basis, of carrying on the Single Market Operation Business;
 - (d) insofar as a matter is within the control of the Market Operator Licensee and/or of the Northern Ireland Market Operator Licensee and affects the ability of the Licensee in its capacity as the holder of this Licence and/or of the Northern Ireland System Operator to carry on the Transmission System Operation Business and/or the Northern Ireland System Operation Business, ensures that such matter is carried out in a manner such that the Licensee and/or the Northern Ireland System Operator (as applicable) is capable, on a continuing basis, of carrying on the Transmission System Operation Business and/or the Northern Ireland System Operation Business (as applicable); and
 - (e) is designed so as to:
 - (i) promote the efficient discharge of the obligations imposed on the Licensee in its capacity as the Transmission System Operator, and on the Northern Ireland System Operator, under licences, laws and regulations;
 - (ii) facilitate the development, maintenance and operation of the transmission system as part of efficient, economical, co-ordinated, safe, secure and reliable All-Island Transmission Networks;
 - (iii) neither prevent nor restrict effective competition in the generation and supply of electricity on the Island of Ireland; and
 - (iv) promote good industry practice and efficiency in the implementation and administration of the matters covered by the System Operator Agreement.
2. Without prejudice to the generality of paragraph 1, the System Operator Agreement shall:
 - (a) set out the arrangements regarding the rights and obligations of the Licensee as against the Northern Ireland System Operator, in relation to contracts (and applications) for connection to the transmission system, connection to the Northern Ireland Transmission System and use of, the All-Island Transmission Networks (including as envisaged by section 34B of the Act); and

- (b) provide for the sharing of costs and the making of payments between the Licensee and the Northern Ireland System Operator including, but not limited to, any sharing of costs and the making of any payments in respect of action taken or expenditure incurred by the Licensee or Northern Ireland System Operator for the purposes of complying with the provisions of the System Operator Agreement.
3. The Licensee shall, in conjunction with the Northern Ireland System Operator, periodically review (including at the request of the Commission) the System Operator Agreement and its implementation.
 4. Save as provided for in paragraphs 5 and 6 below, the Licensee shall procure that the System Operator Agreement is not amended otherwise than by mutual consent of all of the persons who are, at the relevant time, a party to the System Operator Agreement and in each instance where a proposed amendment may have a material impact on the business of any electricity undertaking or on the operation of the Single Electricity Market, the Licensee shall consult with electricity undertakings and give due consideration to any representations received.
 5. The Licensee shall ensure that the System Operator Agreement allows any party to the System Operator Agreement to (without restriction) refer to the Commission any proposed amendment to the System Operator Agreement that any other party thereto disputes where the dispute remains outstanding for more than 30 days after a party serves a notice on the other parties that refers to this paragraph. Where a proposed amendment is referred to the Commission in accordance with the provision of the System Operator Agreement included in order to meet the requirements of this paragraph, the Licensee shall comply with (and, in conjunction with the Northern Ireland System Operator, amend the System Operator Agreement to conform to) that amendment to the extent it is approved by the Commission.
 6. In addition to the matters specified in paragraph 5, the System Operator Agreement may provide for there to be referred to the Commission for determination (subject to the Commission accepting such referral) such additional matters arising under the System Operator Agreement as may be specified in the System Operator Agreement.
 7. The Licensee shall, in conjunction with the Northern Ireland System Operator, report annually to the Commission on the operation of the System Operator Agreement to the extent relevant to the functions, rights and obligations of the Licensee.
 8. Where required by the Commission and to the extent required by the Commission, the Licensee shall publish the terms and conditions of the System Operator Agreement on its web-site.
 9. In this Condition:

“Northern Ireland System Operation Business” has the meaning given to the expression “Transmission System Operator Business” in the Northern Ireland System Operator Licence.

Condition 5 Connection to the Transmission System and/or Use of the All-Island Transmission Networks

1. The provisions of Section 34 (Terms for connection to and use of transmission or distribution system), Section 34B (Arrangements and agreements relating to transmission system and All-Island Transmission Networks), Section 35 (Charges for connection to and use of transmission system or distribution system), Section 36 (Approval by Commission of Statement of Charges) and Section 37 (Direct lines) of the Act, as amended by SI 445 of 2000 and SI 60 of 2005, shall apply to the Licensee, save that for the purposes of this Licence references to the transmission system and the distribution system shall be read as references to the transmission system only.
2. The Licensee shall comply with any directions or determinations given to it by the Commission, from time to time, pursuant to Section 34, Section 34B, Section 35, Section 36 or Section 37 of the Act.
3. Where required by the Commission, the Licensee shall, in co-operation with the Northern Ireland System Operator, publish and make available on the Licensee's web-site the statement of charges for connection to and use of the transmission system approved by the Commission under Section 36 of the Act.
4. Where required by the Commission, the Licensee shall, in co-operation with the Northern Ireland System Operator, publish and make available on the Licensee's web-site a statement of charges for use of the All-Island Transmission Networks approved by the Commission.
5. The Licensee shall:
 - (a) upon receipt of a request from the Northern Ireland System Operator, insofar as any matter is within the control of the Licensee, ensure that the Northern Ireland System Operator can fulfil the conditions of the Northern Ireland System Operator Licence in relation to connection to the Northern Ireland Transmission System and use of the All-Island Transmission Networks;
 - (b) upon receipt of such a request as is referred to in subparagraph (a) of this paragraph 5, provide such information, conduct such studies, perform or procure the carrying out of such works to the transmission system and do such other things (including, but not limited to, the carrying out of such works) as are required for the purposes of ensuring that the Licensee complies with subparagraph (a) of this paragraph 4;and the Licensee shall ensure that the System Operator Agreement contains provisions providing for such matters.
6. Any dispute between the Licensee and the Northern Ireland System Operator in relation to the provisions of the System Operator Agreement required by paragraph 5 which is not capable of being resolved in accordance with the dispute resolution procedure in the System Operator Agreement may be resolved in accordance with regulations made by the Commission under section 34B(3)(e) of the Act.

Condition 6 Single Electricity Market Trading and Settlement Code

1. The Licensee shall accede to the Single Electricity Market Trading and Settlement Code and comply with it insofar as it is applicable to it in its capacity as Transmission System Operator.

Condition 7 Forecast Statement

1. The Licensee shall, in consultation with Northern Ireland System Operator, no later than such period after this Licence has come into force, as the Commission shall direct, prepare in a form, and based on methodologies, approved by the Commission a statement, in accordance with Section 38 of the Act, to be known and referred to as the "Forecast Statement".
2. The Licensee shall, in consultation with Northern Ireland System Operator, at least annually, revise the information set out in and the form of the Forecast Statement, and the methodologies on which the Forecast Statement is based, in order that the Forecast Statement shall continue to be accurate in all material respects. The form of the revised Forecast Statement and the methodologies on which it is based shall be subject to the approval of the Commission.
3. The Licensee may omit from the Forecast Statement any information the disclosure of which would place the Licensee in breach of Condition 21 (Restriction on Use of Certain Information).
4. The Licensee shall publish and make available the Forecast Statement on the Licensee's website.
5. The preparation of any statement in accordance with paragraph 1 shall, so far as practicable, be co-ordinated with the preparation of any equivalent document prepared by Northern Ireland System Operator and such statements shall, so far as possible and save to the extent the Commission consents otherwise, be prepared on a consistent basis.
6. In this Condition:

"**consistent basis**" means, in respect of two or more documents, that the assumptions and input data which are common to those documents, and methodologies by which results in relation to equivalent subjects in those documents are derived, are (to the extent material to those documents and/or their subject matter) materially the same, and that the conclusions or outcomes in relation to equivalent subjects in those documents are presented in a manner which is designed so as to facilitate ease of comparison between the documents.

Condition 8 Development Plan

1. The Licensee shall, in consultation with Northern Ireland System Operator, no later than such period after this Licence has come into force as the Commission shall direct, prepare and submit to the Commission for approval a plan, in accordance with Regulation 8(6) of SI 445 of 2000 to be known and referred to as the Development Plan, for the development of the transmission system in order to guarantee security of supply for the following five calendar years.
2. The Licensee shall, in consultation with Northern Ireland System Operator, revise the Development Plan at least annually in order that the information set out in the Development Plan shall continue to be accurate in all material respects and shall submit it to the Commission for approval.
3. The provisions of Regulation 8(6) of SI 445 of 2000 (Functions of transmission system operator) shall apply to any revisions of the Development Plan.
4. The Licensee shall publish and make available the Development Plan on the Licensee's web-site.
5. The preparation of any plan in accordance with paragraph 1 shall, so far as practicable, be coordinated with the preparation of any equivalent document prepared by Northern Ireland System Operator and such plans shall, so far as possible and save to the extent the Commission consents otherwise, be prepared on a consistent basis.
6. In this Condition:

"**consistent basis**" means, in respect of two or more documents, that the assumptions and input data which are common to those documents, and methodologies by which results in relation to equivalent subjects in those documents are derived, are (to the extent material to those documents and/or their subject matter) materially the same, and that the conclusions or outcomes in relation to equivalent subjects in those documents are presented in a manner which is designed so as to facilitate ease of comparison between the documents.

Condition 9 Interconnectors

1. In accordance with Regulation 8(1) of SI 445 of 2000 the Licensee shall, no later than such period after this Licence has come into force as the Commission shall direct, prepare a procedure for the use of Republic of Ireland Interconnectors with other systems to be submitted to the Commission for approval.
2. The Licensee shall explore and develop opportunities to interconnect the transmission system with other systems and shall comply with any direction of the Commission pursuant to Regulation 8(7) of SI 445 of 2000.
3. The Licensee shall as soon as practicable after the commissioning of each Republic of Ireland Interconnector and, in any event, not later than such date as the Commission shall specify, prepare a statement for the approval of the Commission showing:
 - (a) the total amount of the capacity of each or all relevant Republic of Ireland Interconnectors either individually or in aggregate as the Commission may decide which the Licensee anticipates will be available for the transfer of electricity from and to the Republic of Ireland;
 - (b) the amount of that capacity of each Republic of Ireland Interconnector proposed to be reserved by the Licensee and/or any other system operator for such purposes as system security;
 - (c) such matters (if any) as the Commission shall specify prior to its approval of the statement.
4. The Licensee shall review the statement referred to in paragraph 3 in such form and at such frequency as the Commission may specify from time to time.
5. The Licensee shall publish and make any statement prepared in accordance with this Condition available on the Licensee's web-site.

Condition 10 Central Dispatch

1. The Licensee shall, in conjunction with the Northern Ireland System Operator, schedule SEM Generation and ensure that direct instructions for the dispatch of SEM Generation are issued in accordance with paragraphs 2, 3, 4 and 5.
2. Having regard to information provided to it by the Northern Ireland System Operator and by electricity undertakings and by authorised electricity operators (including as to forecast levels of electricity demand and availability of generation capacity), to forecast levels of electricity available to be transferred to or from the Island of Ireland across any Interconnector and to the requirements of Operating Security Standards and the Northern Ireland Transmission and Distribution System Security and Planning Standards the Licensee shall, in conjunction with the Northern Ireland System Operator undertake operational planning:
 - (a) for the matching of SEM Generation output (including a reserve of SEM Generation to provide a security margin of SEM Generation availability) with forecast demand on the Island of Ireland after taking into account, inter alia:
 - (i) unavailability of generation units and/or Interconnector transfers;
 - (ii) constraints from time to time imposed by technical limitations on the All-Island Networks or any part thereof; and
 - (iii) electricity delivered to the All-Island Networks from generation units not subject to central dispatch; and
 - (b) consistently with sub-paragraph (a) above, and in accordance with the Grid Code, for the release of parts of the transmission system for maintenance, repair, extension or reinforcement.
3. The Licensee shall (pursuant to the Grid Code), in conjunction with the Northern Ireland System Operator (pursuant to the Northern Ireland Grid Code), establish and operate, a merit order system for SEM Generation.
4. Taking account of, inter alia, the factors set out in paragraph 5, the Licensee shall, in conjunction with the Northern Ireland System Operator:
 - (a) schedule SEM Generation; and
 - (b) except to the extent not reasonably achievable given the fact that the Licensee and the Northern Ireland System Operator each have separate control centres from which dispatch instructions to generation units in each of their respective jurisdictions are issued, ensure that direct instructions for the dispatch of SEM Generation are issuedin each case:
 - (a) in ascending order of relevant prices; and
 - (b) as will in aggregate (and after taking account of electricity delivered to or from the All-Island Transmission Networks from or to other sources) be sufficient to match at all times (to the extent possible having regard to the availability of SEM Generation) demand forecast on the All-Island Networks taking account of information provided by electricity undertakings and by authorised electricity operators, together with an appropriate margin of reserve.
5. The factors referred to in paragraph 4 are:
 - (a) forecast demand on the Island of Ireland;

- (b) technical constraints from time to time imposed on the All-Island Networks or any part or parts thereof;
 - (c) the dynamic operating characteristics of SEM Generation;
 - (d) forecast exports of electricity across any Interconnector;
 - (e) transmission and distribution losses;
 - (f) Operating Security Standards and the Northern Ireland Operating Security Standard; and
 - (g) other matters provided for in the Grid Code and the Northern Ireland Grid Code including in each case any arrangements for the dispatch of renewable generators.
6. The Licensee shall provide to the Commission such information as the Commission shall request concerning the merit order system or any aspect of its operation.
7. In this Condition:

"available", in relation to any generation units or Interconnector transfer, means a generation unit or Interconnector transfer which is available in accordance with the Grid Code or the Northern Ireland Grid Code (as applicable) and **"availability"** shall be construed accordingly;

"central dispatch" means the process of scheduling and issuing direct instructions by the Licensee, in conjunction with the Northern Ireland System Operator, as referred to in paragraph 1;

"Northern Ireland Grid Code" has the meaning given to the expression "Grid Code" in the Northern Ireland System Operator Licence;

"Interconnector transfer" means the flow of electricity across an Interconnector into, or out of, the Island of Ireland;

"merit order system" means a system establishing economic precedence of electricity from available generation units or Interconnector transfers to be delivered or transferred to the All-Island Networks (subject to other system needs);

"Northern Ireland Grid Code" has the meaning given to the expression "Grid Code" in the Northern Ireland System Operator Licence;

"Northern Ireland Operating Security Standard" has the meaning given to the expression "operating security standard" in the Northern Ireland System Operator Licence;

"Northern Ireland total system" has the meaning given to the expression "total system" in the Northern Ireland System Operator Licence;

"Northern Ireland SEM Generation" means the available generation units of each relevant generator in Northern Ireland which:

- (a) are required to be subject to central dispatch instructions under the terms of any exemption granted under Article 9 of the Electricity (Northern Ireland) Order 1992 or any licence granted under Article 10 of the Electricity (Northern Ireland) Order 1992; or
- (b) are otherwise agreed by that relevant generator to be subject to central dispatch;

"Northern Ireland Transmission and Distribution System Security and Planning Standards" has the meaning given to the expression "Transmission and Distribution System Security and Planning Standards" in the Northern Ireland System Operator Licence;

"relevant generator" means:

- (a) a holder of a licence under Article 10(1)(a) of the Electricity (Northern Ireland) Order 1992; or
- (b) a person who is exempt from the requirement to hold such a licence in accordance with Article 9 of the Electricity (Northern Ireland) Order 1992 and whose generation units are connected to the Northern Ireland total system;

“relevant price” means in relation to each generation unit and each Interconnector transfer the price submitted in respect of that generation unit or Interconnector transfer in accordance with the Single Electricity Market Trading and Settlement Code;

“Republic of Ireland SEM Generation” means the available generation units of each Generator which:

- (a) are required to be subject to central dispatch under the terms of any licence granted under Section 14(1) of the Act (as amended); or
- (b) are otherwise agreed by any such generator to be subjected to central dispatch; and

“SEM Generation” means Republic of Ireland SEM Generation and Northern Ireland SEM Generation and available Interconnector transfers taken together.

Condition 11 Economic Procurement of Assets, Services and Ancillary Services

1. The Licensee shall procure such assets and services, and such quantities and types of Ancillary Services as may be necessary and appropriate to enable the Licensee to discharge its obligations under the Act, SI 445 of 2000, SI 60 of 2005, the Single Market Regulations and this Licence.
2. In procuring assets, services and Ancillary Services pursuant to paragraph 1, without prejudice to the Infrastructure Agreement and System Operator Agreement, the Licensee shall procure such assets, services and Ancillary Services from the most economical sources available to it having regard to the quantity and nature of the assets, services and Ancillary Services required to enable it to discharge its obligations under the Act, SI 445 of 2000, SI 60 of 2005 and this Licence and to the diversity, number, timeliness of delivery and reliability of such assets, services and Ancillary Services. Where appropriate, taking into account the quantity, nature and cost of Ancillary Services, the Licensee shall make arrangements for such contracting in co-operation with the Northern Ireland System Operator.
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, services or Ancillary Services:
 - (a) to the Licensee by any affiliate or related undertaking of the Licensee; or
 - (b) by the Licensee to any affiliate or related undertaking of the Licensee,shall be on arms-length terms.
5. Any provision of assets, services or Ancillary Services of a material nature by the Transmission System Operation Business to any Separate Business of the Licensee, or by any Separate Business of the Licensee to the Transmission System Operation Business shall (insofar as possible given that they are a single legal entity) be undertaken on arms-length terms (or such other specific terms as agreed in advance in writing by the Commission); and:
 - (a) where such Separate Business is the Market Operation Activity, the cost of such provision shall be apportioned between the Transmission System Operation Business and the Market Operation Activity at cost; and
 - (b) where such Separate Business is not the Market Operation Activity, the cost of such provision shall be apportioned between the Transmission System Operation Business and such Separate Business at a commercial rate.
6. Any question arising as to materiality shall be determined by the Commission for the purposes of this Condition.

Condition 12 Relevant 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. The Licensee shall not dispose of, or relinquish operational control over any relevant asset if the disposal or relinquishment of control would adversely affect its ability to discharge its obligations under the Act, SI 445 of 2000, SI 60 of 2005, or the carrying on of activities authorised or required by this Licence, and any question arising under this Condition shall be determined by the Commission.
3. The Commission shall issue directions from time to time requiring the Licensee to give prior written notification to the Commission of proposed 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. The Licensee shall not dispose of, or relinquish operational control over any relevant asset if the disposal or relinquishment of control would adversely affect the ability of the Market Operator Licensee, Northern Ireland Market Operator Licensee, or Northern Ireland System Operator to discharge their respective obligations under applicable laws or regulations or the carrying on of activities authorised or required by this Licence, the Northern Ireland System Operator Licence or the market operator licence held by the Market Operator Licensee or Northern Ireland Market Operator Licensee, and any question arising under this Condition shall be determined by the Commission.
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;

"relevant asset" means:
 - (a) any material transmission system equipment used by the Licensee in the discharge of its functions under this Licence but excluding equipment owned by the Transmission System Owner; and
 - (b) any control centre for use in conjunction with the transmission system; and
 - (c) any legal or beneficial interest which can be considered material in land and/or premises upon which any of the foregoing is situate and/or used by the Licensee in the discharge of its functions under this Licence.
6. Any question arising as to the materiality of relevant assets shall be determined by the Commission for the purposes of this Condition.

Condition 13 Additional Use or Disposal of Relevant Assets

1. 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 operator, 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.
2. 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.
3. In this Condition:

 “**disposal**” has the meaning as defined in Condition 12 and “**disposed**” shall be construed accordingly;

 “**relevant assets**” has the meaning as defined in Condition 12.
4. Any question arising as to the materiality of relevant assets shall be determined by the Commission for the purposes of this Condition.

Condition 14 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 reasonably 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 15 Transmission System Security and Planning Standards

1. The Licensee shall, following consultation with the Distribution System Operator and with the Transmission System Owner and with Northern Ireland System Operator, no later than such period after this Licence has come into force as the Commission shall direct, establish standards for transmission system security and planning and shall prepare a document entitled "**Transmission System Security and Planning Standards**" which shall embody such standards subject to the approval of the Commission.
2. The Licensee shall be responsible for operating, ensuring the maintenance of and, if necessary, developing the transmission system in accordance with the Transmission System Security and Planning Standards.
3. The Licensee shall, in consultation with the Distribution System Operator and with the Transmission System Owner and with Northern Ireland System Operator, periodically review (including at the request of the Commission) the Transmission System Security and Planning Standards and their implementation. Following any such review, the Licensee shall send to the Commission:
 - (a) a report of the outcome of such review; and
 - (b) any revisions which it proposes to make to the Transmission System Security and Planning Standards (having regard to the outcome of the review); andRevisions to the Transmission System Security and Planning Standards proposed by the Licensee shall be subject to the approval of the Commission.
4. The Commission may issue directions requiring the Licensee to revise the Transmission System Security and Planning Standards in such manner as may be specified in the directions, and the Licensee shall comply with such directions.
5. The Transmission System Security and Planning Standards shall be reviewed in the manner provided for in paragraphs 3 no later than twelve months after the date of first approval by the Commission of such standards. Such review period may be extended by the Commission in directions issued to the Licensee for the purposes of this Condition.
6. The Licensee shall publish and make the Transmission System Security and Planning Standards available on the Licensee's web-site.
7. 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 16 Operating Security Standard

1. The Licensee shall, no later than such period after this Licence comes into force as the Commission shall direct, establish standards for ensuring day to day operating security and shall prepare a document entitled the "**Operating Security Standards**" which shall embody such standards.
2. The Licensee shall be responsible for operating the transmission system in accordance with the Operating Security Standards.
3. The Operating Security Standards shall be subject to the approval of the Commission.
4. The Licensee shall periodically review (including at the request of the Commission) the Operating Security Standards and their implementation to assess whether it continues to be an appropriate standard to which the transmission system should be operated having regard to the aims set out in Condition 1, paragraph 8. Following any such review, the Licensee shall send to the Commission:
 - (a) a report of the outcome of such review; and
 - (b) any revisions which it proposes to make to the Operating Security Standards (having regard to the outcome of the review); and

Revisions to the Operating Security Standards proposed by the Licensee shall be subject to the approval of the Commission.

5. The Commission may issue directions requiring the Licensee to revise the Operating Security Standards in such manner as may be specified in the directions, and the Licensee shall forthwith comply with such directions.
6. The Operating Security Standards shall be reviewed in the manner provided for in paragraphs 4 not later than twelve months after the date of first approval by the Commission of such standards. Such review may be extended by the Commission in directions issued to the Licensee for the purposes of this Condition.
7. The Licensee shall publish and make the Operating Security Standards available on the Licensee's web-site.

Condition 17 Duty of Non-Discrimination

1. 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.
2. The Licensee shall establish a compliance programme on the measures taken to ensure that discriminatory conduct by it or its employees is prevented, which shall include specific obligations imposed on its employees to prevent discrimination.
3. The Licensee shall report to the Commission at intervals of not more than one year, in such form as the Commission determines, specifying the measures taken and the level of compliance in relation to paragraph 2. The report shall be published by the Licensee in such manner as shall be determined by the Commission.

Condition 18 Performance of the Transmission System Operation Business

1. The Licensee shall, no later than such period after this Licence comes into force as the Commission shall direct, submit to the Commission for approval a report setting out the performance criteria against which the performance of the transmission system may be measured.
2. The Licensee shall conduct the Transmission System Operation 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) any revisions which it proposes to make to the performance criteria (having regard to the outcome of the review).

Revisions to the performance criteria proposed by the Licensee shall be subject to the approval of the Commission.

4. The Licensee in discharging its functions shall take into account the objective of minimising the overall costs to final customers pursuant to Regulation 8(3) of SI 445 of 2000.
5. The Licensee shall report annually on the performance of the Transmission System Operation 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 19 Access to Land and/or Premises

1. 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 that the Licensee will follow in respect of any person acting on its behalf who requires access to land and/or premises.
2. 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; and
 - (b) are readily identifiable to members of the public; and
 - (c) are appropriate persons to visit and enter land.
3. 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.
4. The Licensee shall ensure that it complies with the code or any revisions to the code as approved by the Commission from time to time.

Condition 20 Prohibited Activities

1. The Licensee shall not and shall procure that any affiliate or related undertaking of the Licensee shall not, on behalf of the Licensee, engage in the generation, distribution or supply of electricity on the Island of Ireland.
2. The Licensee shall notify the Commission of any interests the Licensee has in any other electricity undertaking forthwith, outside of the Island of Ireland, directly or indirectly acquired. The Licensee shall provide not less than two months prior written notification to the Commission of an interests in any other electricity undertakings that the Licensee intends to, directly or indirectly, acquire.

Condition 21 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 operator in accordance with SI 445 of 2000, SI 60 of 2005, the Act, the System Operator Agreement, the Infrastructure Agreement and this Licence.
2. The Licensee shall prevent information about its own activities which may be commercially advantageous being disclosed in a discriminatory manner.
3. The Licensee shall implement such measures and procedures and take all such other steps as it shall reasonably consider and/or shall be specified in directions issued by the Commission from time to time to be necessary for the purpose of securing compliance by the Licensee with its obligations under paragraphs 1 and 2.
4. The Licensee shall ensure that confidential information is only disclosed to authorised recipients, classes of authorised recipients or authorised advisors.
5. Paragraphs 1, 2 and 4 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, SI 445 of 2000, SI 60 of 2005, the Single Market Regulations, the System Operator Agreement 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, SI 445 of 2000, SI 60 of 2005, the Single Market Regulations, the System Operator Agreement, 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 and the Single Electricity Market Trading and Settlement Code) with the relevant person to whose affairs such confidential information relates.
6. 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.
7. 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 Operation Business, from disclosing confidential information.
8. The Licensee shall take all reasonable steps to ensure that every authorised adviser, consultant, director or member of staff 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 and pursuant to Regulation 49 (Prohibition on unauthorised disclosure of information) of SI 445 of 2000.

9. This Condition is without prejudice to the duties at law of the Licensee towards outside persons.

10. 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;

"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 Operator under the Act, SI 445 of 2000, SI 60 of 2005, the System Operator Agreement, the Infrastructure Agreement and this Licence.

"commercially sensitive information" means any matter the disclosure of which would materially prejudice the interests of any person.

"permitted activities" means the activities directly connected with the discharge by the Licensee of its functions as Transmission System Operator pursuant to this Licence.

Condition 22 Separate Accounts for Separate Businesses

1. The Licensee shall prepare annual accounts in accordance with Regulation 27 (Unbundling of accounts of electricity undertakings) of SI 445 of 2000 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 four months after the end of the period to which the accounts relate.
2. Without prejudice to paragraph 1, the Licensee shall, in its internal accounting, keep or cause to be kept accounts for the Transmission System Operator'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 Operator'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 2001.
 - (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 23 Prohibition of Subsidies and Cross-subsidies

1. The Licensee shall procure that the Transmission System Operator Business shall not give any subsidy or cross-subsidy (direct or indirect) to any 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 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 24 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 25 Public Service Obligation

1. The Licensee shall comply with any public service obligation imposed on it by the Commission pursuant to Section 39 (Public service obligations) of the Act.

Condition 26 Provision of Information

1. The Licensee shall furnish to all those using and seeking to use the transmission system the information they need, on a timely basis, for efficient access to the transmission system.
2. The Licensee shall furnish to other interconnected system operators, in such manner and at such times as may be reasonably required, such information as may reasonably be required by other system operators in order to ensure the secure and efficient operation, co-ordinated development and inter-operability of the interconnected systems.
3. The Licensee shall furnish to the Distribution System Operator, in such manner and at such times as may be reasonably required, such information as may reasonably be required by the Distribution System Operator in order to ensure the secure and efficient operation, co-ordinated development and inter-operability of the transmission and distribution systems.
4. The Licensee shall furnish to the Transmission System Owner, in such manner and at such times as may be reasonably required, such information as may be reasonably required by the Transmission System Owner in order for it to carry out its licensed activities under SI 445 of 2000, SI 60 of 2005, the Act and the Infrastructure Agreement.
5. The Licensee shall furnish to the Market Operator Licensee, in such manner and at such times as may be reasonably required, such information as may be reasonably required by the Market Operator Licensee in order for it to carry out its licensed activities under the Act, the Single Electricity Market Trading and Settlement Code and the market operator licence held by the Market Operator Licensee.
6. For the purposes of this Condition, the Commission shall decide on any difference or dispute between the Licensee 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 27 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 of this Licence or as it may require for the purpose of performing the functions assigned or transferred to it by or under the Act, SI 445 of 2000 or SI 60 of 2005.
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, SI 445 of 2000 or SI 60 of 2005.
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. This information may include (without limitation):
 - (a) Demand forecasts;
 - (b) Consumption details;
 - (c) System Demand profiles.
6. 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 28 Code of Conduct

1. In accordance with Regulation 57 of SI 445 of 2000, the Licensee shall prepare a code of conduct, for approval by the Commission, which shall apply to every director and to every person employed by EirGrid under a contract of employment.
2. The Licensee shall ensure that the code of conduct be included as part of every contract of employment with EirGrid.

Condition 29 Grid Code

1. The Licensee, in consultation with electricity undertakings and the Northern Ireland System Operator, to the extent such persons are liable to be materially affected thereby, shall adopt and at all times have in force and shall implement and comply with a Grid Code in accordance with the provisions of Section 33 (Preparation of a Grid Code and a Distribution Code) of the Act.
2. The Licensee shall comply with all directions given by the Commission in relation to the Grid Code.
3. The Grid Code shall, in respect of the transmission system, be designed so as to:
 - (a) permit the development, maintenance and operation of an efficient, co-ordinated and economical system for the transmission of electricity in the Republic of Ireland as part of efficient, co-ordinated and economical systems for the transmission of electricity on the Island of Ireland;
 - (b) facilitate the transmission system being made available to persons authorised to supply or generate electricity in the Republic of Ireland, on terms which neither prevent nor restrict competition in the supply or generation of electricity on the Island of Ireland; and
 - (c) subject to sub-paragraphs (a) and (b), facilitate the security and efficiency of the electricity generation, transmission and distribution system in the Republic of Ireland as a whole.

Condition 30 Distribution Code

1. The Licensee shall comply with the provisions of the Distribution Code, insofar as applicable to it.

Condition 31 Compliance with Laws and Directions

1. The Licensee shall comply with the Act, SI 445 of 2000, SI 60 of 2005, the Single Market Regulations, the Infrastructure Agreement, the System Operator Agreement and the Conditions of this Licence and all relevant EU laws.
2. For the purposes of SI 445 of 2000, SI 60 of 2005, the Act, the Single Market Regulations, the Infrastructure Agreement, this Licence and/or the Transmission System Owner'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, SI 445 of 2000, SI 60 of 2005, the Single Market Regulations, the System Operator Agreement, 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.

Condition 32 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 eco-systems 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 33 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 Operation Business.
2. The Licensee shall ensure that a technical and safety audit is undertaken in respect of the transmission system 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.