

NIE Networks and SONI Transmission Licence TIA Licence Condition Modifications Decision Paper

Utility Regulator Decision

14 December 2018



About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Queens House in the centre of Belfast. The Chief Executive leads a management team of directors representing each of the key functional areas in the organisation: Corporate Affairs; Electricity; Gas; Retail and Social; and Water. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.

Our Mission

Value and sustainability in energy and water.

Our Vision

We will make a difference for consumers by listening, innovating and leading.

Our Values

Be a best practice regulator: transparent, consistent, proportional, accountable, and targeted.

Be a united team.

Be collaborative and co-operative.

Be professional.

Listen and explain.

Make a difference.

Act with integrity.

Abstract

In Northern Ireland, transmission system operation functions are shared between NIE Networks and SONI. The Transmission Interface Arrangement (TIA) sets out the arrangements to enable each to work together effectively and fulfil their respective licence obligations.

This decision paper outlines TIA Licence condition modifications for NIE Networks and SONI. We are modifying Condition 17 of NIE Networks Transmission Licence and Condition 18 of SONI's Licence. The modifications are set out in this paper under Appendix A - NIE's Networks Transmission Licence and Appendix B - SONI's Transmission Licence. These modifications will come into effect on 15/02/2019.

Audience

This document will likely be of interest to Transmission System Operators (TSOs), Transmission System Owners, generation developers, generation licence holders, and other parties with interests in the operation of the transmission system.

Consumer impact

These changes will have a limited impact on consumer bills. The final modifications do not change the total costs associated with Transmission Network Pre-Construction Projects (TNPP's) but how they are recovered in the Transmission Interface Arrangements (TIA) between NIE Networks and SONI.

Contents

1	Background to the Paper.....	5
2	Purpose of the Paper	5
3	Consultation responses.....	6
	Table 1 – SONI response.....	6
	Table 2 – NIE Networks Response	8
4	Decisions and Next steps.....	11
	Table 3 – Reasons and Effects of the Decision.	11
	Annex 1 – Article 14(8) Licence Modification Notice.....	16
	Appendix A - NIE Networks Transmission Licence.....	18
	Appendix B - SONI Transmission Licence.....	24

1 Background to the Paper

- (1) NIE Networks and SONI are required by their respective licences to enter into and comply with the Transmission Interface Arrangements (TIA).
- (2) The TIA is a document between NIE Networks and SONI which sets out the terms and arrangements relating to the provision of transmission services in Northern Ireland, and outlines the responsibilities of, and activities undertaken by, each party, as required by Condition 17 of NIE Networks' Licence and Condition 18 of SONI's Licence.

2 Purpose of the Paper

- (3) This decision paper does not propose amendments to the TIA document itself but the Licence conditions that implement and enforce the TIA document.
- (4) The Utility Regulator (UR) sought stakeholder views on:
 - Proposed modifications to Condition 17 of NIE Networks' Licence and Condition 18 of SONI's Licence: together "the TIA Conditions". These modifications include the payment of monies to or from the Licensee in respect of the services and other matters, including, in particular payments to the respective Licensee by the Transmission Owner or to the Transmission System Operator of amounts approved by the Authority in respect of Transmission Network Pre-construction Project Costs.
 - Removal of redundant text in relation to certification that has been granted to the Licensees.
 - Clarification of text in relation to submissions of disputes and disagreements.
 - Insertion of a new obligation to comply with any determination made by the UR if a disagreement arises on any proposed amendment to the TIA made by SONI or NIE Networks, and which is referred to the UR to determine.
 - Update of definitions within the Licenses.

3 Consultation responses

(5) The Utility Regulator consulted on the proposed Licence modifications for a period of 35 days and received 2 responses to the consultation: one each from SONI and NIE Networks. The UR has considered these representations. The two responses each identified 3 main issues. Each of the issues along with the UR response is dealt with below.

Table 1 – SONI response

	SONI Comment	UR Response
1	SONI Issue 1 – Modification to Paragraph 3 of Condition 18 - SONI welcomed the modification to paragraph 3 of Condition 18 indicating that it further strengthens SONI’s ability to charge the costs associated with Transmission Network Pre-Construction Projects (TNPP’s) to NIE Networks.	The UR is in agreement that this modification will strengthen SONI’s ability to recover approved TNPP costs from NIE Networks. The decision is to proceed with this proposed modification.
2	SONI Issue 2 – Modification to Paragraph 5 and 8(c) of Condition 18 - SONI was in favour of the changes to paragraph 5 and 8(c), stating that it aligns the current approved drafting of the TIA with licence Conditions.	<p>Upon further reflection the UR has decided not to make the proposed modifications to Paragraph 5 (a) or 8 (c).</p> <p>As to paragraph 5 (a) the proposed modification was to remove <i>the words "thereto over revisions to the Transmission Interface Arrangements"</i> from the text of para. 5(a) thereby reducing the category of disputes to be referred to the Authority for determination.</p> <p>It is the UR’s view that if the proposed modification progressed, then paragraph 5(b) would be rendered effectively redundant and para. 5(a) would then state that the TIA - <i>"shall provide for any disputes between the parties to be referred to the Authority for determination"</i>. This would mean that <i>any and all</i> disputes would be required to be referred to the UR for determination, not just disputes on proposed revisions to the TIA. This is not a desired outcome.</p> <p>It is the UR’s considered view that the present drafting of paragraphs 5(a) and 5(b) is fit for purpose and does not require to be modified at this time.</p>

		<p>Therefore, the decision is that existing text for paragraph 5 remains. No text is to be removed. It follows from this decision that the proposed modifications to paragraph 8 (modifications related and connected to the proposed modifications to paragraph 5) are no longer required and it is our intention not to make these modifications either.</p> <p>It is noted that, on the basis of the foregoing, the UR no longer proposes to proceed with the proposed modification involved in the insertion of a new paragraph 11. This proposed change is rendered redundant by the decision to no longer proceed with the connected proposed modifications to paragraph 5 and paragraph 8(c).</p>
3	<p>SONI Issue 3 – Modification to Paragraph 10 of Condition 18 - SONI didn't consider the changes in paragraph 10 to be strictly necessary. SONI had concerns that it created wider ranging powers for the UR and suggested that wording should be provided to give assurances that powers will be used in a way that is consistent with the TSO certification.</p>	<p>With regards to the expressed concern that the modification to paragraph 10 would be creating wider ranging powers for the UR, the UR notes that the modification reverts the position back to the situation that pertained prior to the date that SONI and NIE Networks were certified; the UR is not therefore creating new powers that it has never had before, but enabling the powers that had previously existed prior to certification.</p> <p>Article 10F(4) of The Electricity (Northern Ireland) Order 1992, in the context of SONI's licence, is in relation to the certification and grounds for certification of a Northern Ireland TSO. Given that SONI has already been certified and remains certified as a TSO for Northern Ireland, then the removal of this wording is because it is no longer required.</p> <p>The changes to paragraph 10 indicate that the UR may direct the licensee following consultation with SONI and NIE Networks, to make such revisions to the TIA, as it considers requisite or expedient for the purposes of facilitating the achievement of the aims specified in paragraph 4 of Condition 18, thereby ensuring the efficient discharge of the obligations imposed on the Licensee (and NIEN Networks) under the 1992 Order (which includes Article 10), the Energy Order, and the SEM Order. The UR has decided to proceed with the proposed modification to paragraph 10.</p>

Table 2 – NIE Networks Response

	NIE Networks Comment	UR Response
1	<p>NIE Networks Issue 1 – Modification to Paragraphs 5(a) and 8(c) of Condition 17 - NIE Networks agreed with the rationale for the changes to paragraphs 5(a) and 8(c) and suggested to make a further modification to paragraph 8(c) being to change the text at the end of paragraph 8(c) from “paragraph 5(a)” to “paragraph 5(b)”.</p>	<p>Upon further reflection the UR has decided not to make the proposed modifications to Paragraph 5 (a) or 8 (c)</p> <p>As to paragraph 5 (a) the proposed modification was to remove <i>the words "thereto over revisions to the Transmission Interface Arrangements"</i> from the text of para. 5(a) thereby reducing the category of disputes to be referred to the Authority for determination.</p> <p>It is the UR's view that if the proposed modification progressed, then paragraph 5(b) would be rendered effectively redundant and para. 5(a) would then state that the TIA – <i>"shall provide for any disputes between the parties to be referred to the Authority for determination"</i>. This would mean that <i>any and all</i> disputes would be required to be referred to the UR for determination, not just disputes on proposed revisions to the TIA. This is not a desired outcome.</p> <p>It is the UR's considered view that the present drafting of paragraphs 5(a) and 5(b) is fit for purpose and does not require to be modified at this time.</p> <p>Therefore, the decision is that existing text for paragraph 5 remains. No text is to be removed. It follows from this decision that the proposed modifications to paragraph 8 (c) (modifications related and connected to the proposed modifications to paragraph 5) are no longer required and it is our intention not to make these modifications either.</p> <p>It is noted that, on the basis of the foregoing, the UR no longer proposes to proceed with the proposed modification involved in the insertion of a new paragraph 11. This proposed modification is no longer considered appropriate given its express connection to the proposed modification to paragraph 5 and paragraph 8(c): modifications that are no longer considered appropriate. The UR also notes that the current drafting of the TIA</p>

		<p>includes (at Section P) an obligation for the parties to the TIA to comply with determinations of the UR on referred disputes as to proposed revisions of the TIA. On reflection the proposed insertion of a new paragraph 11 is no longer considered necessary.</p>
2	<p>NIE Networks Issue 2 – Modification to Paragraph 10 of Condition 17 - NIE Networks stated concerns as below in relation to the modification of paragraph 10: <i>“The proposed modifications at paragraph 10 will grant the UR powers to direct revisions to the TIA at any time following consultation with NIE Networks and SONI. If or when the UR is ever to avail of this new power, we would ask the UR to consider carefully the process it would follow to modify the TIA without consent of the licensee.”</i></p>	<p>With regards to the expressed concern that the modification to paragraph 10 would be creating wider ranging powers for the UR, the UR notes that the modification reverts the position back to the situation that pertained prior to the date that SONI and NIE Networks were certified; the UR is not therefore creating new powers that it has never had before, but enabling the powers that had previously existed prior to certification.</p> <p>Article 10F(4) of The Electricity (Northern Ireland) Order 1992, in the context of SONI’s licence, is in relation to the certification and grounds for certification of a Northern Ireland TSO. Given that SONI has already been certified and remains certified as a TSO for Northern Ireland, then the removal of this wording is because it is no longer required.</p> <p>The changes to paragraph 10 indicate that the UR may direct the licensee following consultation with SONI and NIE Networks, to make such revisions to the TIA, as it considers requisite or expedient for the purposes of facilitating the achievement of the aims specified in paragraph 4 of Condition 18, thereby ensuring the efficient discharge of the obligations imposed on the Licensee (and NIEN Networks) under the 1992 Order (which includes Article 10), the Energy Order, and the SEM Order.</p> <p>The UR has decided to proceed with the proposed modification to paragraph 10. As regards the expressed concerns as to process, the UR would confirm that it will at all times act lawfully in proceeding pursuant to a legally fair procedure.</p>

<p>3</p>	<p>NIE Networks Issue 3 – Modification to Paragraph 11 of Condition 17 - NIE Networks were concerned that the UR’s proposed new par 11 in the Licence introduces an obligation to accept the UR’s determination on same. NIE Networks has concerns that this obligation may prevent appealing a determination. They suggested the UR introduces the obligation into Section P of the TIA itself, using similar wording to that already in the TIA at par 4.7 of Section Q.</p>	<p>It is noted that, on the basis of the foregoing, the UR no longer proposes to proceed with the proposed modification involved in the insertion of a new paragraph 11. This proposed is no longer considered appropriate given its express connection to the proposed modification to paragraph 5 and paragraph 8(c): modifications that are now no longer considered appropriate. The UR also refers to the reasoning below as to the present drafting of the TIA containing a requirement on the parties to the TIA to accept the determination of the UR on referral of disputed revisions to the TIA.</p> <p>Further, the UR would note that if either party wishes to make a revision amendment to the TIA they must follow the process identified within the TIA.</p> <p>The UR notes that there is an obligation to accept the UR’s determination (on the referral of a dispute as to a proposed revision of the TIA) in the existing TIA drafting, therefore, having considered NIE’s response and following further review, the UR has decided not to make the proposed modifications by insertion of a new Paragraph 11, with regard to revisions of the TIA. It is considered unnecessary.</p> <p>The UR notes that within the TIA an amendment report submitted under Section P 2.2.4.11 is determined by the UR under paragraph 2.2.4.13. Paragraph 2.4.1 of Section P provides that SONI and NIE Networks must implement the UR’s decision on an amendment referral.</p> <p>As the decision of the UR is not to proceed with the proposed modification as to the new paragraph 11 then the expressed concerns as to the prevention of an appeal are no longer considered relevant.</p>
----------	--	--

4 Decisions and Next steps

- (6) Following consideration of the two responses and further review, this decision paper issues the new revised SONI's Condition 18 and NIE Network's Condition 17.
- (7) There are a few differences between the decision modifications and those set out in the previous consultation paper and notice pursuant to Article 14(2) of the 1992 Order. These are identified below.

Table 3 – Reasons and Effects of the Decision.

Condition / paragraph	Licensee	Proposed consulted upon modification	Decision
Condition 17 Para 3 (b)(xi)	NIE Networks	Insertion of text “including in particular payments from the Licensee to the Transmission System Operator of amounts approved by the Authority in respect of Transmission Network Pre-Construction Project Costs.”	UR has decided to implement this text, to allow for UR approved payments to be transferred from NIE Networks to SONI for approved TNPP's.
Condition 17 Para 5 (a)	NIE Networks	Deletion of “ <i>thereto over revisions to the Transmission Interface Arrangements</i> ” in relation to submitting a dispute.	Upon further reflection the UR has decided not to make the proposed modification to Paragraph 5(a). Both paragraph 5(a) and 5(b) as drafted in the existing licence covers the provisions for disputes under the TIA. To make the proposed change would render Paragraph 5(b) redundant and require that all disputes (not just those related to proposed revisions to the TIA) be referred to the UR for its determination. This is not a desired outcome. The UR considers the current drafting of Paragraph 5 fit for purpose.
Condition 17 Para 8 (c)	NIE Networks	Deletion of the text “dispute is” and replaced with the text “are”, The deleting of the any ref to ‘disputes’ is to avoid confusion.	This proposed change was connected to the proposed change to para 5. As the change to para 5 is no longer being proceeded with, the proposed change to para

			8 (c) is no longer considered necessary/appropriate.
Condition 17 Para 10	NIE Networks	Removal of <i>“and until such date as the Authority has in accordance with Article 10E of the Order certified the Licensee,”</i> and <i>“ensuring that the certification ground set out in Article 10 F(4) of the Order is met”</i> and Insertion of text <i>“facilitating the achievement of the aims set out in paragraph 4”</i>	<p>The UR has decided to implement the proposed modifications to Paragraph 10. Article 10E of the Order concerns the decision as to whether to certify an applicant: Article 10F concerns the grounds for certification.</p> <p>As certification has been given, this text is now no longer required within the licence.</p> <p>With regards to the insertion of the text <i>“facilitating the achievement of the aims set out in paragraph 4”</i> this enables the UR to direct the licensee to facilitate the achievements set out in paragraph 4 which includes obligations under the 1992 Order, the Energy Order and the SEM Order This is all considered appropriate.</p> <p>With regards to the new wording creating wider ranging powers for the UR, the modification reverts back to the situation that pertained prior to the date that SONI and NIE Networks were certified. The UR is not creating new powers that it has never had before, but enabling the powers that had existed prior to certification.</p>
Condition 17 Para 11	NIE Networks	Insertion of a new paragraph 11 <i>“Where revisions are referred to the Authority for determination pursuant to paragraph 8(c) the Licensee shall (and shall procure that the Relevant Subsidiary shall) accept the determination made by the Authority”</i>	<p>The UR has decided not to make the proposed modifications to Paragraph 11. The proposed change was linked to the proposed changes to paras 5 and 8. These proposed modifications are not being proceeded with. Further the UR notes that process for revisions of the TIA (under the current TIA) includes an</p>

			<p>amendment report submitted under Section P 2.2.4.11, which is s determined by the UR under paragraph 2.2.4.13. Paragraph 2.4.1 of Section P provides that the parties to the TIA are required to implement the UR's determination in this regard. On this additional ground, the proposed new paragraph 11 is considered unnecessary.</p>
Condition 17 Definitions	NIE Networks	Insertion of a new Definition "Transmission Network Pre-construction Project Costs"	UR has decided to implement this text, for the Transmission Network Pre-construction Project to be inserted into paragraph 3, the Transmission Network Pre-construction Project relates the project back to paragraph 1.1 of Annex 1 of the SONI Licence.
Condition / paragraph	Proposed consulted upon modification	Decision	Proposed consulted upon modification
Condition 18 Para 3 (b)(xi)	SONI	Insertion of text "including in particular payments to the Licensee by the Transmission Owner of amounts approved by the Authority in respect of Transmission Network Pre-construction Project Costs (as defined in paragraph 1.1 of Annex 1 of the Licence)"	UR has decided to implement this text, to allow for UR approved payments to be transferred to SONI from NIE Networks for approved TNPP's, as defined in paragraph 1.1 of Annex 1 of SONI's Licence.
Condition 18 Para 5 (a)	SONI	Deletion of " <i>thereto over revisions to the Transmission Interface Arrangements</i> " in relation to submitting a dispute.	Upon further reflection the UR has decided not to make the proposed modification to Paragraph 5 (a). Both paragraph 5(a) and 5(b) as drafted in the existing licence cover the provisions for disputes under the TIA. To make the proposed change would render paragraph 5(b) redundant and require that all disputes (not just those related to proposed revisions to the TIA) be referred to the

			UR for its determination. This is not a desired outcome. The UR considers the current drafting of paragraph 5 fit for purpose.
Condition 18 Para 8 (c)	SONI	Deletion of the text "dispute is" and replaced with the text "are", The deleting of the any ref to 'disputes' is to avoid confusion.	This proposed change was connected to the proposed change to para 5. As the change to para 5 is no longer being proceeded with, the proposed change to para 8 (c) is no longer considered necessary/appropriate.
Condition 18 Para 10	SONI	Removal of " <i>and until such date as the Authority has pursuant to the Commission Decision certified the Licensee as a transmission system operator,</i> " and " <i>ensuring that the certification ground set out in Article 10F(4), being the certification ground on which the Licensee is to be certified pursuant to the Commission Decision, is met</i> " and Insertion of text " <i>facilitating the achievement of the aims set out in paragraph 4</i> "	As certification has been given this text is now no longer required within the licence. The UR will be implementing this modification. With regards to the insertion of text " <i>facilitating the achievement of the aims set out in paragraph 4</i> " this enables the UR to direct the licensee to facilitate the achievements set out in paragraph 4 which includes obligations under the 1992 Order, the Energy Order and the SEM Order. This is all considered appropriate.
Condition 18 Para 11	SONI	Insertion of a new paragraph 11 " <i>Where revisions are referred to the Authority for determination pursuant to paragraph 8(c) the Licensee shall (and shall procure that the Relevant Subsidiary shall) accept the determination made by the Authority</i> "	The UR has decided not to make the proposed modifications to Paragraph 11. The proposed change was linked to the proposed changes to paras 5 and 8. These proposed modifications are not being proceeded with. Further the UR notes that process for revisions of the TIA (under the current TIA) includes an amendment report submitted under Section P 2.2.4.11, which is s determined by the UR under paragraph 2.2.4.13. Paragraph 2.4.1 of Section P provides that the parties to the TIA are

			required to implement the UR's determination in this regard. On this additional ground, the proposed new paragraph 11 is considered unnecessary.
Condition 18 Definitions	SONI	Removal of the definition for the Commission Decision	It has been decided to implement this modification. The implemented change to paragraph 10 renders this definition redundant.

(8) It is noted that further changes to the actual TIA document may be required subsequent to the publication of this decision paper, in particular, in relation to the mechanism to enable the Transfer of TNPP's from SONI to NIE Networks.

(9) We continue to encourage the development of the TIA between the Parties as it is in Northern Ireland consumer's interest that both parties constructively engage and progress via partnership in a co-operative manner.

(10) These modifications will take effect from 15/02/2019.

Annex 1 – Article 14(8) Licence Modification Notice

THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION DECISION UNDER ARTICLE 14(8) OF THE ELECTRICITY (NORTHERN IRELAND) ORDER 1992 (AS AMENDED)

MODIFICATIONS TO NORTHERN IRELANDS ELECTRICITY NETWORKS LIMITED'S ELECTRICITY TRANSMISSION LICENCE AND SONI LIMITED'S ELECTRICITY TRANSMISSION LICENCE

In accordance with Article 14(2) of the Electricity (Northern Ireland) Order 1992¹ (“the **Order**”) the Northern Ireland Authority for Utility Regulation (“the **Authority**”) published a notice dated 26 July 2018² (“the said notice”) of its intention to modify the electricity transmission licence (the “**Licence 1**”) held by Northern Ireland Electricity Networks Limited (the “**Licensee 1**”) and the electricity transmission licence (the “**Licence 2**”) held by SONI Limited (the “**Licensee 2**”)

In accordance with Article 14(5) of the Order the Authority has considered representations duly made to it in response to the said notice. The Authority has decided to proceed with the making of modifications of the conditions of Licence 1 held by Licensee 1 and Licence 2 held by Licensee 2 in exercise of its powers under Article 14(1) of the Order.

In accordance with Article 14(8) of the Order the Authority gives notice as follows: -

1) The Authority shall modify Licence 1 held by Licensee 1 and Licence 2 held by Licensee 2.

2) By the said notice the Authority stated that it intended to modify Licence 1 and Licence 2 and offered reasons for and the effect of the proposed modifications. The purpose of the said notice was to bring the proposed modifications to the attention of persons likely to be affected by them, and to invite representations or objections in connection thereto.

3) The effect of the proposed modifications and the reasons why they were proposed was stated in Annex 2 to the said notice.

4) Two responses were received: one from Licensee 1 and one from Licensee 2. These responses have been considered by the Authority pursuant to article 14(5) of the Order.

¹ <http://www.legislation.gov.uk/nisi/1992/231/article/14>

² <https://www.uregni.gov.uk/consultations/consultation-proposed-modifications-tia-licence-condition-nie-networks-and-soni>

5) The Authority has decided to proceed with modifications to Licence 1 and Licence 2. However, the modifications to be implemented are different to those proposed and set out in the said notice. The Authority has decided not to implement the proposed modifications concerning paragraphs 5, 8, and (the new para.) 11 in condition 17 of Licence 1 and Condition 18 of License 2 held by Licensee 1 and Licensee 2 respectively. The remaining proposed modifications are to be implemented. The modifications to be implemented are set out in detail in the Decision Paper published today: "NIE Networks and SONI Transmission Licence TIA Licence Condition Modifications Decision Paper ("the Decision Paper").

6) The effect of the modifications to be implemented was set out in Annex 2 to the said notice. Further explanation as to the effect of the modification to be implemented is set out in the Decision Paper. The aforesaid two responses to the said notice setting out representations as to the proposed modifications and the Authority's reasoning/responses to the submitted representations are set out in the Decision Paper. The modifications are as set out in Appendix A of the Decision Paper, NIE Networks Transmission Licence and Appendix B – SONI Transmission Licence, are highlighted in red, and each shall have an effect from 15/02/2019.

7) The reason for the stated differences between the modifications proposed and as set out in the said notice and those hereby decided for implementation is set out in the Decision Paper.

8) The Authority has, pursuant to Article 14(8) of the Order, published this notice on its website and sent a copy of this notice to Licensee 1 and Licensee 2. Further the Authority has provided a copy of this notice to the Department for the Economy and the Consumer Council for Northern Ireland.

9) A copy of the modification can be obtained in hard copy from Jody O'Boyle at: Utility Regulator, Queens House, 14 Queen Street, Belfast, BT1 6ED. Email jody.oboyle@uregni.gov.uk

10) Dated this 14/12/2018.



Jenny Pyper

For and on behalf of the Northern Ireland Authority for Utility Regulation

cc

June Ingram - DfE

John French - CCNI

Carl Hashim - NIE Networks Ltd

Sarah Friedel - SONI Ltd

Appendix A - NIE Networks Transmission Licence

Condition 17. Transmission Interface Arrangements

General Duty

1. The Licensee shall, in common with the Transmission System Operator, prepare, obtain the Authority's approval of, and at all times have in force and implement arrangements (the "Transmission Interface Arrangements") which:
 - a. set out the terms and arrangements, as between the Licensee and the Transmission System Operator, referred to in paragraph 3;
 - b. are designed to facilitate the achievement of the aims set out in paragraph 4, in so far as they relate to the transmission system; and
 - c. set out the matters referred to in paragraph 5.
2. The Licensee shall be taken to have complied with paragraph 1 by:
 - a. adopting as the Transmission Interface Arrangements, the document designated as such by the Authority, within 3 days of the Authority so designating such a document (such designation not to occur prior to 17 October 2007); and
 - b. keeping the document under review and proposing and making modifications to it in accordance with the requirements of paragraphs 7, 8, 9 and 10.
3. For the purposes of this Condition, the terms and arrangements referred to in paragraph 1(a) are those which:
 - a. are requisite for the enjoyment and discharge of the rights and obligations of:
 - i. the Licensee in relation to the Transmission Owner Business arising under the Order, the Energy Order, the SEM Order, this Licence, the Grid Code, and such other code or document as may be specified from time to time by the Authority; and

- ii. the Transmission System Operator arising under the Order, the Energy Order, the SEM Order, the Transmission System Operator Licence, the Grid Code, the System Operator Agreement the Single Electricity Market Trading and Settlement Code, any Transmission Connection Agreement, any Transmission Use of System Agreement and such other code or document as may be specified from time to time by the Authority;
and
- b. provide for matters which include:
 - i. the provision of transmission services by the Licensee;
 - ii. the technical levels to be complied with by the Transmission System Operator in relation to the transmission services;
 - iii. the operation, including the configuration, of the transmission system;
 - iv. matters to enable responses to (and to progress any works necessitated by) applications received for use of the All-Island Transmission Networks and/or new connections (or modifications of existing connections) to the All-Island Transmission Networks (at an entry or exit point on the transmission system or the Republic of Ireland transmission system);
 - v. the arrangements whereby:
 - A. the transmission system is to be developed and maintained (by the Licensee) and planned and operated (by the Transmission System Operator);
 - B. the respective responsibilities of, and activities undertaken by, the Licensee and the Transmission System Operator are to be co-ordinated;
 - vi. the arrangements, as between the Licensee and the Transmission System Operator, for the planning and development of the transmission system in co-ordination with the other parts of the All-Island Transmission Networks;

- vii. planning for outages, including (where appropriate) co-ordination of outages on the transmission system with outages on the Republic of Ireland transmission system;
- viii. the exchange of information between the Licensee and the Transmission System Operator;
- ix. procedures to enable the Licensee or the Transmission System Operator (as the case may be) to produce information about the transmission system in accordance with its respective obligations under the Order, the Energy Order, the SEM Order, this Licence, the Transmission System Operator Licence, and the System Operator Agreement;
- x. the performance standards to be achieved by the Licensee and the Transmission System Operator (as the case may be) in respect of the services and other matters referred to above; and
- xi. the payment of monies to or from the Licensee in respect of the services and other matters referred to above, including in particular payments from the Licensee to the Transmission System Operator of amounts approved by the Authority in respect of Transmission Network Pre-Construction Project Costs.

4. The relevant aims referred to in paragraph 1(b) are:

- a. the efficient discharge of the obligations imposed on the Licensee and the Transmission System Operator (in their capacities as such) under the Order, the Energy Order, the SEM Order and their respective licences;
- b. the development, maintenance and operation of the transmission system as part of efficient, economical, co-ordinated, safe, secure and reliable All-Island Transmission Networks;
- c. effective competition in the generation and supply of electricity on the Island of Ireland; and
- d. the promotion of good industry practice and efficiency in the implementation and administration of the matters covered by the Transmission Interface Arrangements.

5. The matters referred to in paragraph 1(c) are that the Transmission Interface Arrangements:
 - a. shall provide for any disputes between the parties thereto over revisions to the Transmission Interface Arrangements to be referred to the Authority for determination; and
 - b. may provide for there to be referred to the Authority for determination such additional matters arising under the Transmission Interface Arrangements as may be specified in the Transmission Interface Arrangements.
6. The Licensee shall comply with the Transmission Interface Arrangements.

Review of the Arrangements

7. The Licensee shall, in common with the Transmission System Operator:
 - a. following any modification of this Condition 17;
 - b. on receipt of a request from the Authority to do so;
 - c. periodically;
review the Transmission Interface Arrangements and their implementation to:
 - d. ensure that they meet the requirements of paragraphs 1, 3, 4 and 5; and
 - e. consider whether any alternative arrangements would better achieve those requirements.
8. Following any such review, and where the review is undertaken pursuant to paragraph 7(a) or 7(b) within 3 months of the date of the modification or the date of the Authority's request, the Licensee shall, in common with the Transmission System Operator, send to the Authority:
 - a. a report on the outcome of the review;
 - b. any revisions which the Licensee and the Transmission System Operator agree should be made to the Transmission Interface Arrangements (having regard to the outcome of the review); and
 - c. any revisions on which the Licensee and the Transmission System Operator disagree and which dispute is thereby referred to the Authority

for determination in accordance with the provisions included in the Transmission Interface Agreements in accordance with paragraph 5(a).

Revision of the Arrangements

9. The Licensee shall procure that no modifications, amendments or variations are made to the Transmission Interface Arrangements without the prior approval of the Authority.
10. The Authority may, following consultation with the Licensee and the Transmission System Operator , ~~and until such date as the Authority has in accordance with Article 10E of the Order certified the Licensee~~ direct the Licensee to make, in conjunction with the Transmission System Operator, such revisions to the Transmission Interface Arrangements as:
 - a. the Authority considers requisite or expedient for the purposes of facilitating the achievement of the aims set out in paragraph 4 ~~-ensuring that the certification ground set out in Article 10 F(4) of the Order is met~~; and
 - b. are specified in the direction.
11. The Licensee shall (and shall procure that the Relevant Subsidiary shall) comply with any directions issued under this Condition.

Publication of the Arrangements

12. Where, and to the extent, required to do so by the Authority, the Licensee shall publish the Transmission Interface Arrangements on its website.

Definitions

13. In this Condition:

“System Operator Agreement” has the meaning given to that expression in the Transmission System Operator Licence.

"Transmission Network Pre-construction Project Costs" has the meaning given to it in paragraph 1.1 of Annex 1 of the Transmission System Operator Licence.

Appendix B - SONI Transmission Licence

Condition 18. Transmission Interface Arrangements

General Duty

- 1 The Licensee shall, in common with the Transmission Owner, prepare, obtain the Authority's approval of, and at all times have in force and implement arrangements (the "**Transmission Interface Arrangements**") which:
 - (a) set out the terms and arrangements, as between the Licensee and the Transmission Owner, referred to in paragraph 3;
 - (b) are designed to facilitate the achievement of the aims set out in paragraph 4, in so far as they relate to the transmission system; and
 - (c) set out the matters referred to in paragraph 5.

- 2 The Licensee shall be taken to have complied with paragraph 1 by:
 - (a) adopting as the Transmission Interface Arrangements, the document designated as such by the Authority, within 3 days of the Authority so designating such a document (such designation not to occur prior to 17 October 2007); and
 - (b) keeping the document under review and proposing and making modifications to it in accordance with the requirements of paragraphs 7, 8, 9 and 10.

- 3 For the purposes of this Condition, the terms and arrangements referred to in paragraph 1(a) are those which:
 - (a) are requisite for the enjoyment and discharge of the rights and obligations of:
 - (i) the Licensee in relation to the Transmission System Operator

Business arising under the Order, the Energy Order, the SEM Order, the Licence, the Grid Code, the System Operator Agreement, the Single Electricity Market Trading and Settlement Code, any Connection Agreement, any Use of System Agreement and such other code or document as may be specified from time to time by the Authority; and

(ii) the Transmission Owner arising under the Order, the Energy Order, the SEM Order, the Transmission Owner Licence, the Grid Code, the Single Electricity Market Trading and Settlement Code and such other code or document as may be specified from time to time by the Authority; and

(b) provide for matters which include:

(i) the provision of transmission services by the Transmission Owner;

(ii) the technical levels to be complied with by the Licensee in relation to the transmission services;

(iii) the operation, including the configuration, of the transmission system;

(iv) matters to enable responses to (and to progress any works necessitated by) applications received for use of the All-Island Transmission Networks and/or new connections (or modifications of existing connections) to the All-Island Transmission Networks (at an entry or exit point on the transmission system or the Republic of Ireland transmission system);

(v) the arrangements whereby:

(A) the transmission system is to be developed and

maintained (by the Transmission Owner) and planned and operated (by the Licensee); and

- (B) the respective responsibilities of, and activities undertaken by, the Licensee and the Transmission Owner are to be co-ordinated;
- (vi) the arrangements, as between the Licensee and the Transmission Owner, for the planning and development of the transmission system in co-ordination with the other parts of the All-Island Transmission Networks;
- (vii) planning for outages, including (where appropriate) co-ordination of outages on the transmission system with outages on the Republic of Ireland transmission system;
- (viii) the exchange of information between the Licensee and the Transmission Owner;
- (ix) procedures to enable the Licensee or the Transmission Owner (as the case may be) to produce information about the transmission system in accordance with its respective obligations under the Order, the Energy Order, the SEM Order, the Licence, the Transmission Owner Licence and the System Operator Agreement;
- (x) the performance standards to be achieved by the Licensee and the Transmission Owner (as the case may be) in respect of the services and other matters referred to above; and
- (xi) the payment of monies to or from the Licensee in respect of the services and other matters referred to above, **including in particular payments to the Licensee by the Transmission Owner of amounts approved by the Authority in respect of Transmission Network Pre-construction Project Costs (as defined in paragraph**

1.1 of Annex 1 of the Licence).

4 The relevant aims referred to in paragraph 1(b) are:

- (a) the efficient discharge of the obligations imposed on the Licensee and the Transmission Owner (in their capacities as such) under the Order, the Energy Order, the SEM Order and their respective licences;
- (b) the development, maintenance and operation of the transmission system as part of efficient, economical, co-ordinated, safe, secure and reliable All-Island Transmission Networks;
- (c) effective competition in the generation and supply of electricity on the Island of Ireland; and
- (d) the promotion of good industry practice and efficiency in the implementation and administration of the matters covered by the Transmission Interface Arrangements.

5 The matters referred to in paragraph 1(c) are that the Transmission Interface Arrangements:

- (a) shall provide for any disputes between the parties thereto over revisions to the Transmission Interface Arrangements to be referred to the Authority for determination; and
- (b) may provide for there to be referred to the Authority for determination such additional matters arising under the Transmission Interface Arrangements as may be specified in the Transmission Interface Arrangements.

6 The Licensee shall comply with the Transmission Interface Arrangements .

Review of the Arrangements

7 The Licensee shall, in common with the Transmission Owner:

- (a) following any modification of this Condition 18;
- (b) on receipt of a request from the Authority to do so;
- (c) periodically;

review the Transmission Interface Arrangements and their implementation to

- (d) ensure that they meet the requirements of paragraphs 1, 3, 4 and 5; and
- (e) consider whether any alternative arrangements would better achieve those requirements.

8 Following any such review, and where the review is undertaken pursuant to paragraph 7(a) or 7(b) within 3 months of the date of the modification or the date of the Authority's request, the Licensee shall, in common with the Transmission Owner, send to the Authority:

- (a) a report on the outcome of the review;
- (b) any revisions which the Licensee and the Transmission Owner agree should be made to the Transmission Interface Arrangements (having regard to the outcome of the review); and
- (c) any revisions on which the Licensee and the Transmission Owner disagree and which dispute is thereby referred to the Authority for determination in accordance with the provisions included in the Transmission Interface Arrangements in accordance with paragraph 5(a).

Revision of the Arrangements

9 The Licensee shall procure that no modifications, amendments or variations are made to the Transmission Interface Arrangements without the prior approval of the Authority.

10 The Authority may, following consultation with the Licensee and the Transmission Owner ~~and until such date as the Authority has pursuant to the Commission Decision certified the Licensee as a transmission system operator,~~ direct the Licensee to make, in conjunction with the Transmission Owner, such revisions to the Transmission Interface Arrangements as:

- (a) the Authority considers requisite or expedient for the purposes of ~~ensuring that the certification ground set out in Article 10F(4), being the certification ground on which the Licensee is to be certified pursuant to the Commission Decision, is met~~ facilitating the achievement of the aims set out in paragraph 4; and
- (b) are specified in the direction.

11 The Licensee shall comply with any directions issued under this Condition.

Publication of the Arrangements

12 Where, and to the extent, required to do so by the Authority, the Licensee shall publish the Transmission Interface Arrangements on its website

Definitions

~~43 In this Condition:~~

Commission Decision ~~means the Commission Decision of 12 April 2013 pursuant to Article 3(1) of Regulation (EC) No 714/2009 and Article 10(6) of Directive 2009/72/EC United Kingdom (Northern Ireland) —SONI/NIE.~~