



Mr. Joe Craig  
Wholesale Markets  
Utility Regulator  
Queens House  
14 Queens Street  
Belfast BT1 6ED

4 September 2014

Dear Joe

**Re: Utility Regulator Consultation on Aggregated Generating Unit (AGU) and Demand Side Unit (DSU) Licensing Arrangements.**

PowerHouse Generation limited welcomes the opportunity to respond to your consultation.

For a very long time now, the Utility Regulator has not been unwilling to grant consent, in accordance with clause 2.34B of the Trading and Settlement Code, to register DSUs in the SEM. This has disadvantaged customers and investors in Northern Ireland compared to the Republic of Ireland where this has not been an issue.

It now seems that the Utility Regulator will be able to grant such consent with a condition that the applicant enters into a licence or other agreement with the Utility Regulator (clause 2.34D of the Trading and Settlement Code). The licences proposed in this consultation are slightly modified versions of the generic generation licence (for both DSUs and AGUs).

Whilst we are relieved that we are now beginning to see progress, it is disappointing that it has taken the Utility Regulator such a long time to consult on what appears to be a relatively straight forward issue.

We are familiar with the generic generation licence in Northern Ireland and have no material comments on the slightly modified forms proposed in this consultation (for both DSUs and AGUs).

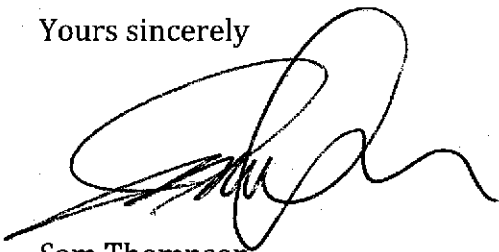
In the SEM, a DSU must also have a Trading Site Supplier Unit (TSSU), and an AGU must also have an Associated Supplier Unit (ASU). We are informed by SEMO that, in accordance with Agreed Procedure 01 (Appendix 3), the party that registers TSSUs or ASUs must have a Supplier licence. This means that DSU and

AGU participants must also be issued with a Supply licence (in addition to the Generation licence proposed by the Utility Regulator), unless they can come to an arrangement with an existing Supply licence holder. Clearly relying on the latter would be unacceptable, because it has the potential to restrict competition. Existing Suppliers (some of which have affiliated Generators) would have an effective veto on DSU and AGU market entry in Northern Ireland. This issue appears to have been overlooked in the consultation paper and we would encourage the Utility Regulator to discuss it with SEMO.

What really matters now is that the Utility Regulator urgently focuses on facilitating DSU market entry in Northern Ireland. We would welcome your consideration of the following suggestions:

1. A decision on the DSU/AGU Licensing Arrangements by mid-September 2014,
2. In light of the various EU Directive and licence requirements, the Utility Regulator needs to ensure that SONI, SEMO and NIE positively facilitate DSU participation in the market. The SONI and SEMO processes can take considerable time to complete and applications have been on hold pending a decision by the Utility Regulator on the licensing arrangements. We do not think that this has been necessary and we would appreciate if the Utility Regulator could ensure that these processes move forward without further delay,
3. We already have an AGU Agreement and, at the time of our licence application, we made it clear that we wished to register both DSUs and AGUs in the SEM. We do not think that we, or any other pre-existing DSU licence applicant or AGU Agreement holder, should have to make a fresh application, given the additional time and cost involved for both the applicant and the Utility Regulator. We would suggest that, in such cases, licences and consents should immediately be granted following the decision on licensing arrangements. AGU Agreements can then be terminated. If it is necessary, application fees can also be paid retrospectively.

Yours sincerely



Sam Thompson  
Director