

Article 14 Licence Modification Notice of Decision

The Northern Ireland Authority for Utility Regulation

DECISION UNDER ARTICLE 14(8)
OF THE ELECTRICITY (NORTHERN IRELAND) ORDER 1992

MODIFICATION OF LICENCES TO SUPPLY
ELECTRICITY

In accordance with Article 14(2) of the Electricity (Northern Ireland) Order 1992 ("the Order") the Northern Ireland Authority for Utility Regulation ("the Authority") published a notice of its intention to modify the licences to supply electricity (granted under Article 10(1)(c) of the Order) as detailed in Annex A to this notice ("the Supply Licences").

In accordance with Article 14(5) of the Order the Authority has considered representations duly made to it.

The Authority has decided to proceed with the making of modifications of the conditions of the Supply Licences 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 will modify the Supply Licences.

2) The modifications to the Supply Licences are set out in the Authority's decision paper entitled "Decision on modifications to NI electricity generation and NI electricity supply Licences, necessitated to implement the Integrated Single Electricity Market (I-SEM)" published 15 September 2017 (the "**Decision Paper**").

3) The tracked change text of the modifications (showing changes from consultation to decision) are set out in Annexes 2 and 3 to this notice as follows:

- Annex B contains the modifications to the Supply Licences.
- Annex C contains the additional modifications to the Power NI / PPB supply licence only.

4) The Authority considers that the modifications to the Supply Licences are an appropriate course of action in order to allow for implementation of the I-SEM.

5) On 2 June 2017, the Authority published a notice¹ stating that it intended to modify the Supply Licences (including additional modifications to the Power NI / PPB supply licence) and giving the reasons and effect of the modifications. The purpose of that 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. We have taken into account representations related to the

¹ <https://www.uregni.gov.uk/consultations/proposed-modifications-ni-generation-and-supply-licences-i-sem-related>

modifications, made any necessary adjustments and explained the reasons for and effects of any changes to our proposals in the Decision Paper.

6) Each of the modifications detailed in the attached annexes will take effect 10 November 2017 subject to the requirements contained therein for particular provisions to be brought into effect on such later date(s) as may be specified by direction of the Authority).

7) 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 the effected licensees. In addition, the Authority has provided a copy of this notice to the Department for the Economy and the Consumer Council.

8) A copy of the modifications can be obtained in hard copy from Barbara Stevenson at: Utility Regulator, Queens House, 14 Queen Street, Belfast, BT1 6ED. Email barbara.stevenson@uregni.gov.uk

Dated 15 September 2017

A handwritten signature in black ink, appearing to read 'Jenny Pyper', is written over the printed name below.

Jenny Pyper Chief Executive

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

ANNEX A
The Supply Licences

	Licensee	Address
i.	AES Ballylumford Ltd	Ballylumford Islandmagee Larne BT40 3RS
ii.	Bord Gais Energy Ltd	One Warrington Place Dublin 2 Ireland
iii.	Brookfield Green Energy	5 th Floor, City Quarter Lapps Quay Cork Ireland
iv.	Budget Energy Ltd	30-32 Ballinska Road Springtown Industrial Estate Londonderry BT48 0LY
v.	Click Energy	1st Floor Timberquay 100-114 Strand Road Derry/Londonderry BT48 7NR
vi.	Electric Ireland (ESBIE NI Ltd)	Swift Square Northwood Avenue Santry Dublin 9
vii.	Electricity Supply Board (ESB)	27 Lr Fitzwilliam St, Dublin 2, Ireland
viii.	ElectroRoute Energy	NCI Business Centre Lower Mayor Street IFSC Dublin 1
ix.	Energia (Viridian Energy Supply Ltd)	Energia House 62 Newforge Lane Belfast BT9 5NF
x.	Firmus Energy (Supply) Ltd	Kilbegs Business Park Antrim Northern Ireland BT41 4NN
xi.	Gaelectric Green Energy Ltd	Portview House Thorncastle Street Ringsend

	Licensee	Address
		Dublin 4
xii.	Go Power (LCC Power Ltd)	16 Churchtown Road Cookstown Co Tyrone BT80 9XD
xiii.	LCC Group Ltd	16 Churchtown Road Cookstown Co Tyrone BT80 9XD
xiv.	ONI (OVO) Electricity Ltd	Astley House 33 Notting Hill Gate London W11 3JQ
xv.	Power NI (includes PPB)	Woodchester House 50 Newforge Lane BT9 5NW
xvi.	SSE Airtricity Energy Supply Ltd	3rd Floor Millennium House, 17-25 Great Victoria Street Belfast BT2 7AQ
xvii.	Vayu Ltd	3rd Floor Macken House 39 – 40a Mayor Street Dublin 1
xviii.	AC Automation (UK) Ltd	5 Sloefield Park Trooperslane Industrial Estate Carrickfergus Co. Antrim BT38 8GR
xix.	Activation Energy DSU Ltd	C/O EnerNOC Ireland 70 Sir John Rogerson's Quay Dublin 2
xx.	Empower Generation Ltd	Wesler House 45 Church View Holywood BT18 9DP
xxi.	Kiwi Power Ltd	45 Broadwick Street London W1F 9QW
xxii.	Electricity Exchange Ltd	Unit 62 Eastlink Business Park Ballysimon Road Limerick
xxiii.	Energy Trading Ltd	Unit A2 Inspire Business Park Carrowreagh Road Dundonald BT16 1QT
xxiv.	iPower	The Innovation Centre Northern Ireland Science Park

	Licensee	Address
		Queen's Road Belfast BT3 9DT
xxv.	Powerhouse Generation Ltd	The Courtyard 62a Drumnabreeze Road Magheralin Co. Armagh BT67 0RH
xxvi.	Wire-Lite Sensors Ltd	Dublin Headquarters 3015 Lake Drive Citywest Business Park Dubin 24

ANNEX B
Modifications to Supply Licences

Drafting of modifications to the NI electricity supply licences (all, including DSUs)

NEW Condition 25a: Balancing Market Principles Code of Practice

1. This Condition applies to the Licensee only where the Licensee operates in the Single Electricity Market as a Demand Side Unit. The Licensee shall ensure that, in formulating and submitting Commercial Offer Data to the Single Market Operation Business in the Balancing Market under the Single Electricity Market Trading and Settlement Code (whether by the Licensee itself or by any person acting on its behalf in relation to a Demand Side Unit for which the Licensee is the licensed supplier), it acts so as to secure its compliance with the Balancing Market Principles Code of Practice.
2. The Authority shall publish and subject to paragraph 3 below, from time to time by direction amend, a document to be known as the Balancing Market Principles Code of Practice, which:
 - (a) shall apply to such categories of Commercial Offer Data submitted into the Balancing Market as may be specified in the Code of Practice from time to time;
 - (b) shall make such provision as appears requisite to the Authority for the purpose of securing that such Commercial Offer Data reasonably reflect the short run marginal cost of operating the Demand Side Unit to which they relate (and thereby facilitating, by contributing to the mitigation of market power in the Single Electricity Market, the efficient operation of the Balancing Market);and the Authority may elect to perform the functions conferred by this paragraph jointly with the Commission for Energy Regulation.
3. The Authority shall, without prejudice to any additional requirements specified in the Code of Practice, consult with all licensees required to comply with the Code of Practice and such other persons as the Authority considers appropriate before making any direction to amend the Code of Practice.

4. The Authority may issue directions to the Licensee for the purposes of securing that the Licensee, in carrying out the activity to which paragraph 1 refers, complies with this Condition and with the Code of Practice, and the Licensee shall comply with such directions.
5. The Licensee shall retain records of each set of Relevant Commercial Offer Data, and all of its supporting data relevant to the calculation of the components of such Relevant Commercial Offer Data, for a period of at least four years commencing on the date on which the Relevant Commercial Offer Data are submitted to the Single Market Operation Business.
6. The Licensee shall, if requested to do so by the Authority, provide the Authority with:
 - (a) a reasoned explanation of its calculations in relation to any Relevant Commercial Data; and
 - (b) supporting evidence sufficient to establish the consistency of those Relevant Commercial Offer Data with the obligations of the Licensee under this Condition and the Code of Practice.
7. In any case in which Relevant Commercial Offer Data are submitted to the Single Market Operation Business which are not consistent with the Licensee's obligation under paragraph 1 of this Condition, the Licensee shall immediately inform the Authority and provide to the Authority a statement of its reasons for the Relevant Commercial Offer Data submitted.
8. The Licensee shall by 1 June in each year submit to the Authority a certificate, signed by at least one director on behalf of the board of directors of the Licensee, to confirm that during the period of twelve months ending on the preceding 31 March:
 - (a) it has acted independently in relation to all submissions of Relevant Commercial Offer Data that have been submitted, by it or on its behalf, under the Single Electricity Market Trading and Settlement Code; and
 - (b) no such submissions made by it or on its behalf have been co-ordinated

with any other submissions made by or on behalf of another party to the Single Electricity Market Trading and Settlement Code.

9. The provisions of this Condition (other than those of this paragraph and paragraph 10 below which shall come into immediate effect) shall come into effect on such day, and subject to such transitional arrangements, as the Authority may by direction appoint. Different days may be so appointed for different provisions and for different purposes.

10. In this Condition:

“Balancing Market”	has the meaning given to it in Part B of the Single Electricity Market Trading and Settlement Code , Part B;
“Balancing Market Principles Code of Practice” or “Code of Practice”	means the document of that title published by the Authority in accordance with paragraph 2, as it may be amended from time to time in accordance with the provisions of that paragraph;
“Commercial Offer Data”	has the meaning given to it in the Single Electricity Market Trading and Settlement Code as it may be amended form time to time;
“Demand Side Unit”	has the meaning given to it in the Single Electricity Market Trading and Settlement Code as it may be amended from time to time;
“Relevant Commercial Offer Data”	means Commercial Offer Data falling within the category specified in the Code of Practice; and
“Single Market Operation Business”	has the meaning given to it in Northern Ireland Market Operator Licence.

NEW Condition 25b: Capacity Market Code

- 1 The Licensee shall be party to and shall comply with the Capacity Market Code insofar as applicable to it.
- 2 The provisions of this Condition (other than those of this paragraph and paragraph 3 below which shall come into immediate effect) shall come into effect on such day, and subject to such transitional arrangements, as the Authority may by direction appoint.
- 3 In this Condition:

“Capacity Market Code”	has the meaning given to that term in the Transmission System Operator licence.
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ANNEX C

Additional modifications to the Power NI / PPB supply licence only

Additional proposed modifications to the Power NI/ PPB electricity supply licence²

Condition 57: Cost-Reflective Bidding in the Single Electricity Market

1. The Licensee shall ensure that the price components of all Commercial Offer Data submitted to the Single Market Operation Business under the Single Electricity Market Trading and Settlement Code, whether by the Licensee itself or by any person acting on its behalf, are cost-reflective.
2. For the purposes of this Condition, the price component of any Commercial Offer Data shall be treated as cost-reflective only if, in relation to each relevant generation set, the Schedule Production Cost related to that generation set in respect of the Trading Day to which the Commercial Offer Data submitted by or on behalf of the Licensee apply is equal to the Short Run Marginal Cost related to that generation set in respect of that Trading Day.
3. For the purposes of paragraph 2, the Short Run Marginal Cost related to a generation set in respect of a Trading Day is to be calculated as:
 - a. the total costs that would be attributable to the ownership, operation and maintenance of that generation set during that Trading Day if the generation set were operating to generate electricity during that day;
 - minus
 - b. the total costs that would be attributable to the ownership, operation and maintenance of that generation set during that Trading Day if the generation set was not operating to generate electricity during that day,the result of which calculation may be either a negative or a positive number.
4. For the purposes of paragraph 3, the costs attributable to the ownership, operation or maintenance of a generation set shall be deemed, in respect of each relevant cost-item, to be the Opportunity Cost of that cost-item in relation to the relevant Trading Day.
5. The Authority may publish and following consultation with generators and such other persons as it considers appropriate, from time to time by direction amend, a document to be known as the Bidding Code of Practice, which shall have the purposes of:
 - a. defining the term Opportunity Cost;
 - b. making provision, in respect of the calculation by the Licensee and electricity generators of the Opportunity Cost of specified cost-items, for the treatment of:
 - i. the costs of fuel used by generators in the generation of electricity;
 - ii. the value to be attributed to credits issued under the Emissions Trading Scheme established by the European Commission;
 - iii. variable operational and maintenance costs;
 - iv. start-up and no load costs; and
 - v. any other costs attributable to the generation of electricity; and
 - c. setting out such other principles of good market behaviour as, in the opinion of the Authority, should be observed by the Licensee and electricity generators in carrying out the activity to which paragraph 1 refers.
6. The Licensee shall, in carrying out the activity to which paragraph 1 refers, act so as to ensure its compliance with the requirements of the Bidding Code of Practice.

² These are in addition to the modifications outlined in Annex 2 which also apply to the Power NI licence. The additional modifications in this Annex 4 apply to the PPB section of the Power NI licence.

7. The Authority may issue directions to the Licensee for the purpose of securing that the Licensee, in carrying out the activity to which paragraph 1 refers, complies with the requirements of this Condition and of the Bidding Code of Practice, and the Licensee shall comply with any such directions.
8. The Licensee shall retain each set of Commercial Offer Data, and all of its supporting data relevant to the calculation of the price component of that Commercial Offer Data, for a period of at least four years commencing on the date on which the Commercial Offer Data is submitted to the Single Market Operation Business.
9. The Licensee shall, if requested to do so by the Authority, provide the Authority with:
 - a. a reasoned explanation of its calculations in relation to any Commercial Offer Data; and
 - b. supporting evidence sufficient to establish the consistency of that data with the obligations of the Licensee under this Condition.
10. In any case in which Commercial Offer Data are submitted to the Single Market Operation Business which are not consistent with the Licensee's obligation under paragraph 1 of this Condition, the Licensee shall immediately inform the Authority and provide to the Authority a statement of its reasons for the Commercial Offer Data submitted.
11. The Licensee shall by 1 June in each year submit to the Authority a certificate, signed by at least one director on behalf of the board of directors of the Licensee, to confirm that during the period of twelve months ending on the preceding 31 March:
 - a. it has acted independently in relation to all submissions of Commercial Offer Data that have been made, by it or on its behalf, under the Single Electricity Market Trading and Settlement Code; and
 - b. no such submissions made by it or on its behalf have been co-ordinated with any other submissions made by or on behalf of any other party to the Code.
12. The Licensee shall not be regarded as having failed to comply with any obligation under paragraphs 1 to 11 to the extent that the obligation is not met solely in consequence of the Licensee's reasonable reliance on data provided to it by a generator under the terms of any Intermediary Agreement.
13. This Condition shall cease to have any effect from the date determined by the Authority subject to any transitional arrangements which the Authority may direct and without prejudice to the continuing enforceability of any rights or obligations which may have accrued or otherwise fallen due for performance prior to that date (including any requirement to comply with the direction of the Authority issued prior to that date).
14. In this Condition:

Bidding Code of Practice

means the document of that title published by the Authority in accordance with paragraph 5, as it may be amended from time to time.

Commercial Offer Data

has the meaning given to it in the Single Electricity Market Trading and Settlement Code, as it may be amended from time to time.

Opportunity Cost

shall have the meaning set out in, and the value calculated in accordance with, the

terms of the Bidding Code of Practice.

Schedule Production Cost

has the meaning given to it in the Single Electricity Market Trading and Settlement Code, as it may be amended from time to time.

Short Run Marginal Cost

means certain costs attributable to the ownership, operation and maintenance of a generation set, as calculated in accordance with paragraph 3 of this Condition.

Single Market Operation Business

has the meaning given to it in the market operator licence for Northern Ireland.

Trading Day

has the meaning given to it in the Single Electricity Market Trading and Settlement Code, as it may be amended from time to time.

Condition 57a: Balancing Market Principles Code of Practice

1. In respect of generation sets in relation to which the Power Procurement Business is, in accordance with an Intermediary Agreement, acting as Intermediary the Licensee shall ensure that, in formulating and submitting Commercial Offer Data to the Single Market Operation Business in the Balancing Market under the Single Electricity Market Trading and Settlement Code, whether by the Licensee itself or by any person acting on its behalf, it acts so as to secure its compliance with the Balancing Market Principles Code of Practice.
2. The Authority shall publish and subject to paragraph 3 below, from time to time by direction amend, a document to be known as the Balancing Market Principles Code of Practice, which:
 - (a) shall apply to such categories of Commercial Offer Data submitted into the Balancing Market as may be specified in the Code of Practice from time to time;
 - (b) shall make such provision as appears requisite to the Authority for the purpose of securing that such Commercial Offer Data reasonably reflect the short run marginal cost of operating the generating set to which they relate (and thereby facilitating, by contributing to the mitigation of market power in the Single Electricity Market, the efficient operation of the Balancing Market)and the Authority may elect to perform the functions conferred by this paragraph jointly with the Commission for Energy Regulation.
3. The Authority shall, without prejudice to any additional requirements specified in the Code of Practice, consult with all licensees required to comply with the Code of Practice and such other persons as the Authority considers appropriate before making any direction to amend the Code of Practice.
4. The Authority may issue directions to the Licensee for the purposes of securing that the Licensee, in carrying out the activity to which paragraph 1 refers, complies with this Condition and with the Code of Practice, and the Licensee shall comply with such directions.
5. The Licensee shall retain records of each set of Relevant Commercial Offer Data, and all of its supporting data relevant to the calculation of the components of such Relevant Commercial Offer Data, for a period of at least four years commencing on the date on which the relevant Commercial Offer Data are submitted to the Single Market Operation Business.
6. The Licensee shall, if requested to do so by the Authority, provide the Authority with:
 - (a) a reasoned explanation of its calculations in relation to any Relevant Commercial Offer Data; and

- (b) supporting evidence sufficient to establish the consistency of those Relevant Commercial Offer Data with the obligations of the Licensee under this Condition and the Code of Practice.
7. In any case in which Relevant Commercial Offer Data are submitted to the Single Market Operation Business which are not consistent with the Licensee's obligation under paragraph 1 of this Condition, the Licensee shall immediately inform the Authority and provide to the Authority a statement of its reasons for the Relevant Commercial Offer Data submitted.
8. The Licensee shall by 1 June in each year submit to the Authority a certificate, signed by at least one director on behalf of the board of directors of the Licensee, to confirm that during the period of twelve months ending on the preceding 31 March:
- (a) it has acted independently in relation to all submissions of Relevant Commercial Offer Data that have been submitted, by it or on its behalf, under the Single Electricity Market Trading and Settlement Code; and
- (b) no such submissions made by it or on its behalf have been co-ordinated with any other submissions made by or on behalf of another party to the Single Electricity Market Trading and Settlement Code.
9. The Licensee shall not be regarded as having failed to comply with any obligation under paragraphs 1 to 8 to the extent that the obligation is not met solely in consequence of the Licensee's reasonable reliance on data provided to it by a generator under the terms of any Intermediary Agreement.
10. The provisions of this Condition (other than those of this paragraph and paragraph 11 below which shall come into immediate effect) shall come into effect on such day, and subject to such transitional arrangements, as the Authority may by direction appoint. Different days may be so appointed for different provisions and for different purposes.
11. In this Condition:

Balancing Market

has the meaning given to it in the Single Electricity Market Trading

Balancing Market Principles Code of Practice or Code of Practice

and
Settlement Code,
Part B
means the
document
of that title
published
by the
Authority
in
accordance
with
paragraph
2, as it
may be
amended
from time
to time in
accordance
with the
provisions
of that
paragraph
;
has the
meaning
given to it
in the
Single
Electricity
Market
Trading
and
Settlement
Code as

Commercial Offer Data

Intermediary Agreement

it may be amended from time to time; has the meaning given to it in

Relevant Commercial Offer Data

Condition 59; means Commercial Offer Data falling within the category specified in the Code of Practice; and

Single Market Operation Business

has the meaning given to it in Northern Ireland Market Operator Licence.

Condition 59: Intermediary Agreements

1. The Licensee shall, in conjunction and co-operation with each Relevant Electricity Generator, prepare and seek to agree with that generator the terms of an agreement between them to be known as an Intermediary Agreement.
2. The Authority may:
 - a. in default of agreement between the Licensee and any Relevant Electricity Generator as to the terms of an Intermediary Agreement, determine the form and content of that agreement; or
 - b. where the Licensee and that generator agree the terms of the Intermediary Agreement, approve that agreement subject to such modifications as the Authority may consider appropriate.
3. The Authority may, by a direction given in writing, direct the Licensee to enter into any Intermediary Agreement which has been determined or approved by the Authority in accordance with paragraph 2, and the Licensee shall comply with that direction by any date that may be set out therein.
4. The Licensee shall at all times comply with any Intermediary Agreement entered into by it in accordance with this Condition.
5. For the purposes of paragraphs 1 to 4, an Intermediary Agreement:
 - a. shall be a contractually-binding agreement designed to govern the relationship between the Licensee and a Relevant Electricity Generator in respect of the Licensee acting as an Intermediary in relation to the agreements specified at Schedule 2 to the licence of that generator, for so long as such agreements remain extant;
 - b. shall specify the categories and detailed descriptions of data to be provided by the Relevant Electricity Generator to the Licensee to enable the Licensee to comply with its obligations under **Condition 57a (Balancing Market Principles Code of Practice)**~~Condition 57~~ in respect of generation sets which are the subject of the agreements specified at Schedule 2 to the licence of that generator;
 - c. shall require that the Relevant Electricity Generator provides the data referred to in subparagraph (b) to the Licensee in a form which is both timely and accurate; and
 - d. shall make such further provision as may be necessary or expedient to ensure that
 - i. the Licensee is able to comply with its obligations under **Condition 57a (Balancing Market Principles Code of Practice)**~~Condition 57~~; and
 - ii. (ii) the Licensee and the Relevant Electricity Generator are able to comply with their respective obligations under their licences, ~~and~~ the Single Electricity Market Trading and Settlement Code **and the Capacity Market Code**, in respect of generation sets which are the subject of the agreements specified at Schedule 2 to the licence of the Relevant Electricity Generator,

but may not make any provision which has the effect of increasing the liability or limiting the rights (in either case as contained in the Intermediary Agreement or any agreement specified at Schedule 2 to the licence of the Relevant Electricity Generator) of a party to the Intermediary Agreement other than where it is, in the opinion of the Authority, reasonable in all the circumstances for such a provision to be made in relation to that party.

6. The Licensee shall from time to time, in conjunction and co-operation with each Relevant Electricity Generator, review the terms and operation of the Intermediary Agreements, and may following that review propose any amendments to an Intermediary Agreement that it considers appropriate.

7. Any amendment that the Licensee proposes to make to an Intermediary Agreement shall, unless the Intermediary Agreement otherwise provides, require to be submitted to the Authority for its approval and, if the Authority approves that amendment, shall be given effect in the Intermediary Agreement.
8. The provisions of this Condition inserted (or, as the case may be, removed) by virtue of the decision of the Authority dated 15 September 2017 shall come into (or, as the case may be, continue to have) effect on (or, as the case may be, until) such day, and subject to such transitional arrangements as the Authority may by direction appoint. Different days may be so appointed for different provisions and for different purposes.

9. In this Condition:

Capacity Market Code

has the meaning given to that term in the Transmission System Operator Licence.

Relevant Electricity Generators

means AES Kilroot Limited, Coolkeeragh ESB Limited and Premier Power Limited, each in their respective capacities as the holder of an electricity generation licence in Northern Ireland.

Condition 58a: Capacity Market Code

1. Insofar as applicable to it, the Licensee shall enter into and at all times remain a party to, and shall comply with its obligations under, the Capacity Market Code in the capacity of an Intermediary in respect of any generation sets that are the subject of an Intermediary Agreement to which the Licensee is a party.
2. The provisions of this Condition (other than those of this paragraph and paragraph 3 below which shall come into immediate effect) shall come into effect on such day, and subject to such transitional arrangements, as the Authority may by direction appoint.
- 3 In this Condition:

Capacity Market Code	has the meaning given to that term in the Transmission System Operator Licence; and
Intermediary Agreement	has the meaning given to it in Condition 59.