

Memorandum of Understanding

between

CER and Ofgem/NIAER

in relation to an

All Island Electricity Market

1. We are committed to developing an All-Island electricity market where participants and customers will have equal rights respectively north and south of the border.
2. We will provide the necessary resources to achieve our objectives.
3. We will publish on our websites a joint programme structure, joint work programme and participant meeting schedule by mid September.
4. We will work to develop an internally consistent set of market arrangements and on the timeframe for their delivery.
5. We will undertake a comprehensive consultation.
6. We will work together to develop and manage the various work streams, steering committees and working/expert groups.
7. We will work together to develop an approach to deal with market power and dominance.
8. We will jointly engage the necessary consultancy support to advise on market structure and to develop the detailed market rules for our approval. We will also jointly engage advisors if necessary to assist on market implementation.
9. We will share the costs as follows – two-thirds by CER and one third by Ofgem.
10. We will work with our respective departments to develop any necessary legislation, and to assist in the formulation of any necessary Treaties or Agreements between the Irish and UK Governments to underpin the market arrangements and provide confidence to all stakeholders.
11. We will work to ensure that licensing frameworks are harmonised.
12. We aim to have the wholesale market in place by no later than 1 July 2007.

13. In parallel, we will undertake that Transmission network owners/operators will co-operate to carry out joint transmission planning, including interconnection.
14. We will cooperate in developing a consistent market approach to the development of renewable energy sources and to the treatment of greenhouse gases.
15. We note that the fiscal regimes will remain separate and this may cause some degree of market distortion. We will therefore seek to put in place appropriate rules to minimise any distortion.
16. We will ensure that participants provide all the necessary data for the modelling of all-island scenarios in line with the agreed plan.
17. We will work together to develop within the regulated energy companies a “single market” culture and ethos so that they do not differentiate between different parts of the market on a member state basis.
18. We will represent the development of the market jointly in any discussions or interactions with the institutions of the European Union.

Tom Reeves
Commissioner
Commission for Energy Regulation

Douglas McIlldoon
Chairman
Northern Ireland Authority for
Energy Regulation

23 August 2004