

Northern Ireland Electricity plc

**Consultation on
Relevant Considerations in
relation to the possible
Cancellation of Generating Unit
Agreements in Northern Ireland**

NIE's Response

27 January 2010



NIE is pleased to respond to the Authority's consultation in relation to the possible cancellation of generating unit agreements (GUAs) in Northern Ireland.

We welcome the statement that a detailed economic analysis will be undertaken to help inform the decision-making process. This process should ensure that any decision arrived at by the Authority is both fully validated and in the longer-term interests of electricity consumers.

In the event that the Authority should consider that any or all of the GUAs should remain in place after their earliest cancellation date, it should at the same time review, with the intention of removing where possible, NIE's current obligation to guarantee the payment obligations of NIE Energy Limited under the respective PPA Novation Agreements dated 31 October 2007.

In our view the continuing provision of the guarantee is inconsistent with the intent of the 2009 Electricity Directive (Directive 2009/72/EC) which requires "fully effective separation of network activities from supply and generation activities".