

PART I TERMS OF THE LICENCE

1. The Commission for Energy Regulation (hereinafter referred to as “**the Commission**”), in exercise of the powers conferred by Section 14(1)(e) of the Electricity Regulation Act, 1999 (hereinafter referred to as “**the Act**”), as inserted by Regulation 32 of the European Communities (Internal Market in Electricity) Regulations 2000 (hereinafter referred to as “**SI 445 of 2000**”), hereby grants to EirGrid (hereinafter referred to as “**the Licensee**”) a licence to operate the transmission system to transmit electricity in the State subject to the Conditions (hereinafter referred to as “**the Conditions**”) set out in Part 2.
2. The Licensee shall discharge the functions of the Transmission System Operator as provided for in Regulation 8 (Functions of the transmission system operator) of SI 445 of 2000, as amended by Regulation 6 of the European Communities (Internal Market in Electricity) Regulations 2005 (hereinafter referred to as “**SI 60 of 2005**”).
3. The Conditions are subject to modification or amendment in accordance with Sections 14(3), 14(6)(a) and 19 of the Act.
4. This Licence shall come into force on (insert date) ~~4th July 2006~~ and shall continue in full force and effect until determined by notice in writing given by the Commission to the Licensee.

Sealed with the common seal of the Commission for Energy Regulation on (insert date) ~~29th June 2006~~.

Chairman

Member of staff of the Commission

Condition 1 Interpretation and Construction

1. Unless the contrary intention appears:

(a) words and expressions used in the Conditions shall be construed as if they were in an enactment and the Interpretation Acts, 1937 to 1997 applied to them; and

(b) references to an enactment shall include subordinate legislation and, in both cases, any statutory modification or re-enactment thereof after the date when this Licence comes into force.

2. Any word or expression defined for the purposes of any provision of the Act, SI 445 of 2000 or SI 60 of 2005 shall, unless otherwise defined herein, have the same meaning when used in the Conditions.

3. In the Conditions unless otherwise specified or the context otherwise requires:

“Act” refers to the Electricity Regulation Act, 1999;

“affiliate” in relation to the Licensee or any subsidiary of a holding company of the Licensee, means any holding company of the Licensee or any subsidiary of the Licensee or any subsidiary of a holding company of the Licensee in each case within the meaning of the Companies Acts, 1963 to 2003;

“All-Island Networks” means the total system, the Northern Ireland Transmission System and the Northern Ireland Distribution System taken together;

“All-Island Transmission Networks” means the transmission system together with the Northern Ireland Transmission System;

“Ancillary Services” has the meaning given to “Ancillary Service” in the Grid Code;

“authorised electricity operator” has the meaning given thereto in the Northern Ireland System Operator Licence;

“Board” means the Electricity Supply Board;

“Balancing Market” has the meaning set out in the Single Electricity Market Trading and Settlement Code, Part B;

“Capacity Market” means the arrangements for securing generation adequacy and capacity described in Condition 6A and set out in the Capacity Market code;

“Capacity Market Code” means the code of that name referred to in Condition 6A;

“Development Plan” means the plan required to be prepared by the Licensee pursuant to Regulation 8(6)(a) (functions of transmission system operator) of SI 445 of 2000;

“Distribution Code” means the Distribution Code prepared by the Board pursuant to Section 33 (Preparation of Grid Code and Distribution Code) of the Act, and approved by the Commission, as from time to time revised, amended, supplemented or replaced with the approval or at the instance of the Commission;

“distribution system” has the same meaning as assigned to that term in the Distribution System Operator licence granted to the Board;

“Distribution System Operator” means the Board in its capacity as distribution system operator, licensed pursuant to Section 14(1)(g) of the Act;

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“Electricity Market Regulation” means Regulation (EC) 714/2009 of the European Parliament and of the Council of 13 July 2009 4 on condition for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No. 1228, as same may be amended, varied, supplemented or replaced from time to time

“EirGrid” means the company formed under Regulation 34 of SI 445 of 2000;

“electricity undertaking” means any person engaged in the generation, transmission, distribution or supply of electricity, including any holder of a licence or authorisation or a person who has been granted a permit under Section 37 of the Electricity (Supply) Act 1927 and any person transferring electricity to or from the Republic of Ireland across a Republic of Ireland Interconnector or across the North/South Circuits, or who has made an application for use of a Republic of Ireland Interconnector which has not been refused;

“Ex-Ante Markets” means the day-ahead and intraday markets for the trading of wholesale electricity in the Single Electricity Market ~~prior to the relevant Gate Closure;~~

“Forecast Statement” means the statement which the Licensee is required to prepare pursuant to Section 38 of the Act;

~~“Gate Closure” has the meaning set out in the Single Electricity Market Trading and Settlement Code, Part B;~~

“generation unit” means any plant or apparatus for the production of electricity;

“Generator” means a person licensed to generate electricity under Section 14(1)(a) (Licences to generate and supply electricity) of the Act or the Board acting in its capacity as owner or operator of generating units;

“Grid Code” means the Grid Code prepared by the Board pursuant to Section 33 (Preparation of Grid Code and Distribution Code) of the Act and approved by the Commission, as from time to time revised, amended, supplemented or replaced by the Licensee with the approval or at the instance of the Commission;

“holding company” means a holding company within the meaning of the Companies Acts, 1963 to 2003;

“Infrastructure Agreement” means the agreement between the Board in its capacity as Transmission System Owner and the Licensee, entered into on 16th March 2006 pursuant to Regulation 18 (Infrastructure Agreement) of SI 445 of 2000, as from time to time revised, amended, supplemented or replaced with the approval or at the instance of the Commission;

“Interconnector” means a Republic of Ireland Interconnector and/or a Northern Ireland Interconnector;

“Island of Ireland” means the Republic of Ireland and Northern Ireland;

“Licensee” means EirGrid, in its capacity as Transmission System Operator;

“Market Operation Activity” means the business of the Market Operator Licensee as provided for in the licence granted to the Market Operator Licensee pursuant to Section 14(1)(j) of the Act;

“Market Operator Licence” means the licence granted to the Market Operator Licensee pursuant to Section 14(1)(i) of the Act;

“Market Operator Licensee” means EirGrid in its capacity as market operator licensed pursuant to Section 14(1)(j) of the Act or any other person which may, from time to time, hold a licence pursuant to Section 14(1)(j) of the Act;

“Metering Equipment” means meters, time-switches, measurement transformers, metering protection and isolation equipment, circuitry and their associated data storage and data

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communications equipment and wiring which are part of the active energy and reactive energy measuring equipment at or relating to land and/or premises of a final customer or electricity undertaking;

"**modification**" includes addition, deletion, amendment and substitution; and cognate expressions shall be construed accordingly;

Networks Codes means (i) any network codes established under Article 6 of the Electricity Market Regulation, and (ii) guidelines adopted under Article 18 of the Electricity Market Regulation

"**NEMO Activity**" has the meaning given to that expression in the Network Codes;

"**North/South Circuits**" means the electric lines and electrical plant and meters used for conveying electricity directly to or from a substation or converter station within the Republic of Ireland directly to or from a substation or converter station within Northern Ireland (and not for conveying electricity elsewhere);

"**Northern Ireland Interconnector**" means for the purpose of this Licence, equipment used to link the Northern Ireland Transmission System to electricity systems outside of the Island of Ireland, and (for the avoidance of doubt) does not include the North/South Circuits;

"**Northern Ireland Market Operator Licensee**" means SONI and/or any other company or person which may from time to time be authorised to undertake the role of market operator of the Single Electricity Market by a licence granted under Article 10(1)(d) of the Electricity (Northern Ireland) Order 1992;

"**Northern Ireland System Operator**" means the person authorised, from time to time, under the Northern Ireland System Operator Licence in its capacity as the holder of that licence;

"**Northern Ireland System Operator Licence**" means the licence granted under Article 10 (1)(b) of the Electricity (Northern Ireland) Order 1992 to SONI on 3rd July 2007 or a licence subsequently granted under Article 10 (1)(b) of the Electricity (Northern Ireland) Order 1992;

"**Northern Ireland Distribution System**" has the meaning given to the term "distribution system" in the Northern Ireland System Operator Licence;

"**Northern Ireland Transmission System**" has the meaning given to the term "transmission system" in the Northern Ireland System Operator Licence;

"**Operating Security Standards**" means the document of that title prepared by the Licensee under the terms of this Licence;

"**participating interest**" has the meaning given to that term in Regulation 35 of the European Communities (Companies: Group Accounts) Regulations 1992 (SI 201 of 1992);

"**related undertaking**" means any undertaking having a participating interest in the Licensee or any undertaking in which the Licensee has a participating interest;

"**representation**" includes any objection or any other proposal made in writing;

"**Republic of Ireland Interconnector**" means for the purpose of this Licence, equipment used to link the transmission system to electricity systems outside of the Island of Ireland, and (for the avoidance of doubt) does not include the North/South Circuits;

"**Separate Business**" means any business or businesses of the Licensee, whether carried out directly or by an affiliate or related undertaking of the Licensee, other than the Transmission System Operation Business;

"**Single Electricity Market**" means the single wholesale electricity market for the Island of Ireland implemented in the Republic of Ireland pursuant to the Act and the Single Market Regulations;

“Single Electricity Market Trading and Settlement Code” means the Trading and Settlement Code provided for in Regulation 4 of the Single Market Regulations, as from time to time revised, amended, supplemented or replaced;

“Single Market Operation Business” means the activity of the Market Operator Licensee as provided for in the licence granted pursuant to Section 14 (1)(j) of the Act and the activity of the Northern Ireland Market Operator Licensee as provided for in the licence granted under Article 10 (1)(d) of the Electricity (Northern Ireland) Order 1992;

“Single Market Regulations” means the Electricity Regulation Act 1999 (Single Electricity Market) Regulations 2007;

“SONI” means SONI Limited, a company incorporated in Northern Ireland under company number NI038715;

“subsidiary” has the meaning given in the Companies Acts, 1963 to 2003;

“Supplier” means any person licensed to supply electricity pursuant to section 14 of the Act;

“System Operator Agreement” means the agreement of that name entered into pursuant to Condition 4;

“total system” means the transmission system and the distribution system taken together;

“transmission system” means the system of electric lines comprising wholly or mainly the Board's high voltage lines and electric plant and which is used for conveying electricity from a generating station to a substation, from one generating station to another, from one substation to another or to or from any Republic of Ireland Interconnector or to final customers (including such part of the North/South Circuits as is owned by the Board) (but shall not include any such lines which the Board may, with the approval of the Commission, specify as being part of the distribution system), and shall include any Republic of Ireland Interconnector owned by the Board;

“Transmission System Operation Business” means the business of the Licensee as operator of the transmission system, including but not limited to its activities in relation to the Capacity Market and the Balancing Market;

“Transmission System Operator” means the Licensee in its capacity as transmission system operator pursuant to this Licence;

“Transmission System Owner” means the Board as owner of the transmission system, licensed pursuant to Section 14(1)(f) of the Act; and

“Transmission System Security and Planning Standards” means the document of that title prepared by the Licensee under the terms of this Licence.

4. Unless otherwise specified:

- (a) any reference to a numbered Condition is a reference to the Condition bearing that number in the Section of this Licence in which the reference occurs;
- (b) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the Condition in which the reference occurs; and
- (c) without prejudice to any provision which restricts such variation, supplement or replacement, any reference to any agreement, licence (other than this Licence), code or other instrument shall include a reference to such agreement, licence, code or other instrument as varied, supplemented or replaced from time to time.

5. The heading or title of any Part, Section, Condition or paragraph shall not affect the construction thereof.

6. Where any obligation of the Licensee is expressed to require performance within a specified time limit that obligation shall continue to be binding and enforceable after that time limit if the Licensee fails to perform that obligation within that time limit (but without prejudice to all rights and remedies available against the Licensee by reason of the Licensee's failure to perform within the time limit).
7. The provisions of Section 4 (Service of Notices) of the Act shall apply for the purposes of the delivery or service of any document, direction or notice to be delivered or served pursuant to this Licence and directions issued by the Commission pursuant to any Condition shall be delivered or served as aforesaid.
8. In discharging its obligations under this Licence, the Licensee shall take into account the following aims:
 - (a) securing the operation, maintenance and development of a safe, secure, reliable, economical, efficient and co-ordinated electricity transmission system as part of an efficient, economical, co-ordinated, safe, secure and reliable electricity transmission system on the Island of Ireland as a whole;
 - (b) facilitate the transmission system being made available to persons authorised to supply or generate electricity, on terms which facilitate competition in the supply or generation of electricity on the Island of Ireland as a whole;
 - (c) subject to subparagraphs (a) and (b) of this paragraph 8, promoting the security and efficiency of electricity generation on the Island of Ireland as a whole and promoting the security and efficiency of electricity distribution in the Republic of Ireland;
 - (d) subject to subparagraphs (a), (b) and (c) of this paragraph 8, minimising the overall costs of the generation, transmission, distribution and supply of electricity to final customers on the Island of Ireland; and
 - (e) ensuring that all reasonable demands for electricity are met.
9. Where any Condition of this Licence requires the Licensee to act "in conjunction with the Northern Ireland System Operator" in the fulfilment of an obligation, the Licensee shall:
 - (a) to the extent the Licensee is reasonably capable of fulfilling that obligation without the assistance of the Northern Ireland System Operator, be obliged to fulfil that obligation and shall use all reasonable endeavours to work together with the Northern Ireland System Operator in so doing;
 - (b) to the extent the Licensee is not reasonably capable of fulfilling that obligation without the assistance of the Northern Ireland System Operator:
 - (i) ensure that the System Operator Agreement requires the Northern Ireland System Operator to provide the assistance in question, and, where it does not, seek to amend the System Operator Agreement so that it does;
 - (ii) exercise all rights available to the Licensee (including under the System Operator Agreement) in order to obtain the assistance in question; and
 - (iii) on obtaining the assistance in question, be obliged to fulfil that obligation and shall use all reasonable endeavours to work together with the Northern Ireland System Operator in so doing; and
 - (c) to the extent the Northern Ireland System Operator is obliged (by the laws or licence obligations applicable to it) to act in conjunction with the Licensee in

the fulfilment of an equivalent obligation, be obliged to provide such assistance as the Northern Ireland System Operator reasonably requests in order to enable it to fulfil that obligation.

Condition 1A. Transition

General Requirement

- 1) The Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to give full and timely effect to the revised SEM arrangements, so that the Licensee is able to comply with them from the time at which they are effective (or intended to be effective).

Requirement to Co-operate

- 2) Without prejudice to paragraphs 1 and 3, the Licensee shall cooperate with electricity undertakings and authorised electricity operators (and with the Department of Communications, Energy & Natural Resources, the Commission and such other persons as the Commission may direct) and shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to enable:
 - a) electricity undertakings to comply with their statutory or licence obligations to give full and timely effect to the revised SEM arrangements, so that such electricity undertakings are able to comply with them from the time at which they are effective (or intended to be effective);
 - b) electricity undertakings to comply with any directions by the Commission under a provision of their licences equivalent to paragraph 4; and
 - c) Northern Ireland authorised electricity operators to comply with their statutory or licence obligations to prepare for the coming into effect of the revised SEM arrangements,

and in the event of any dispute between the Licensee and such other person as to whether a particular step, or thing, is reasonable, the Licensee or such other person may refer the matter to the Commission for determination (which determination shall be final for the purposes of this paragraph).

Requirements to Comply with Directions

- 3) Without prejudice to paragraphs 1 and 2, the Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to comply with any direction made from time

to time by the Commission in accordance with paragraph 4 (and shall by so doing be taken to have complied with such direction).

- 4) The Commission may issue directions to the Licensee setting out the steps (including without limitation those referred to in paragraph 5) to be taken (or procured) by the Licensee which are, in the Commission's reasonable opinion, appropriate in order to give full and timely effect to the revised SEM arrangements, so that the Licensee is able to comply with them from the time at which they are effective (or intended to be effective).
- 5) The directions made by the Commission under paragraph 4 (with which the Licensee is, in accordance with paragraph 3, required to take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to comply) may include requirements regarding the following steps:
 - a) to secure or facilitate the amendment or establishment of any of the core industry documents; and
 - b) to effect the novation of (or other transfer of rights and obligations under) any of the core industry documents from the Licensee or an electricity undertaking to the Licensee or an electricity undertaking.
- 6) The Commission may, at any time, by a further direction in accordance with paragraph 4 (in order to give (or continue to give) full and timely effect to the revised SEM arrangements amend or cancel any direction (or part thereof) previously made under paragraph 4.
- 7) The Commission may not make a direction under paragraph 4 until it has undertaken such period of prior consultation with the Licensee (and such other persons as the Commission deems appropriate) as is reasonable in the circumstances. No direction made under paragraph 4 shall be effective until a copy is served on the Licensee.

Requirement not to Frustrate

- 8) Without prejudice to any public or administrative law right, or statutory right, that the Licensee may have to bring any claim against any public body or person, the Licensee shall not take any step, or exercise any right, which is intended to hinder or frustrate the giving of full and timely effect to the revised SEM arrangements.

Potential Conflict

- 9) If the Licensee is aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 4 and its compliance with any other Condition of the Licence, the Licensee shall promptly inform the Commission of such conflict.
- 10) Provided the Licensee complies with paragraph 9, the other Conditions of the Licence shall prevail over this Condition in the event of conflict. If there is any conflict between a direction made under paragraph 4 and another requirement of the Licence, the provisions of the direction shall prevail.

Information

- 11) The Licensee shall provide to the Commission, in such manner and at such times as the Commission may reasonably require, such information and shall procure and furnish to it such reports as the Commission may reasonably require or deem necessary or appropriate to enable the Commission to monitor the Licensee's compliance with the requirements of this Condition, including (without limitation):
 - a) information as to the Licensee's readiness concerning the revised SEM arrangements; and
 - b) status reports concerning those matters referred to in sub-paragraph (d) of the definition of the revised SEM arrangements, and drafts of any legal documents by which such matters are to be achieved.
- 12) If the Licensee is aware (or should reasonably be aware) of any matter or circumstance which it considers will (or which the Licensee should reasonably consider likely to) hinder or frustrate the giving of full and timely effect to the revised SEM arrangements, the Licensee shall promptly inform the Commission of such matter or circumstance.

Further requirements

- 13) Without prejudice to the generality of the foregoing provisions, the Licensee shall:
 - a) take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to secure the coordinated and effective commencement and implementation of, and operations under the Single Electricity Market Trading and Settlement Code in light of its modification or amendment (or intended modification or amendment) under or by virtue of the revised SEM arrangements (including the development, testing, trialling and start-up of the systems, processes and procedures employed in such implementation and employed by electricity undertakings and others in connection with such operations);

- b) carry out a review of the regulatory documents in order to identify any changes which may in the Licensee's opinion be necessary or expedient in light of the revised SEM arrangements (the "identified changes") and provide a report (by such date as the Commission may direct) on the outcome of that review and on the action which the Licensee proposes to give effect to the identified changes; and
- c) with the Northern Ireland Transmission System Operator Licence holder develop the changes to the Grid Codes necessitated by the changes to the SEM trading arrangements and propose such changes to the Regulatory Authorities no later than three months before Go-Live.

Coming into Effect and Cessation of Effect

- 14) The provisions of this Condition (other than those of this paragraph and of paragraphs 15 and 16 which shall come into immediate effect) shall come into effect on such day, and subject to such transitional arrangements, as the Commission may by direction appoint. Different days may be so appointed for different provisions and for different purposes.
- 15) This Condition shall cease to have effect on 31 December 2018, without prejudice to the continuing enforceability of any right or obligation (including any requirement to comply with a direction of the Commission issued prior to that date) which may have accrued or otherwise fallen due for performance prior to that date.

Definitions

- 16) In this Condition, unless the context otherwise requires:

"core industry documents" means those documents relating to the revised SEM arrangements which may from time to time be designated, by direction of the Commission, as such for the purposes of this Condition;

“regulatory documents” means those codes, agreements and other documents which the Licensee is required to prepare, be party to or have in effect (or with which the Licensee is required to comply) under or by virtue of this Licence or the Act, including without prejudice to the generality, the Market Operator Agreement; and

“revised SEM arrangements” means:

- (a) any modifications made (or which the Commission has formally indicated are likely to be made) to the Licence, or to the licences of any electricity undertaking, for the purpose (in each case) of implementing the high level design set out in the document entitled, “Integrated Single Electricity Market (I-SEM): SEM Committee Decision on High Level Design”, with reference SEM-14-085a and published on 17 September 2014;
- (b) the conditions of the Republic of Ireland Market Operator Licence and the Licence;
- (c) the terms imposed in any exemption granted pursuant to section 14(2F) of the Act that reflect a modification referred to in sub-paragraph (a); and
- (d) the matters that the Licensee knows (or should reasonably know) are envisaged by the modifications and conditions referred to in sub-paragraphs (a) and (b) (including without limitation, the establishment, amendment or termination of, or the transfer of rights and obligations under, core industry

documents);

including, without prejudice to the generality, any of the provisions or matters described above by which the Licensee is bound (or intended to be bound).

Condition 2 Infrastructure Agreement

1. The Licensee shall at all times have in force and comply with the Infrastructure Agreement.
2. The Licensee shall together with the Transmission System Owner, periodically review (including at the request of the Commission) the Infrastructure Agreement and its implementation.
3. The Infrastructure Agreement may not be amended without the consent of the Commission.
4. The Licensee shall report annually to the Commission on the operation of the Infrastructure Agreement.
5. The Licensee shall comply with any amendment to the Infrastructure Agreement as directed by the Commission under Regulation 18(1)(c) of SI 445 of 2000 or approved by the Commission at the request of either or both parties to the Infrastructure Agreement.

Condition 3 General Functions

1. The Licensee shall:

- (a) operate and ensure the maintenance of and, if necessary, develop a safe, secure, reliable, economical and efficient electricity transmission system as part of an efficient, economical, co-ordinated, safe, secure and reliable electricity transmission system on the Island of Ireland as a whole, and to explore and develop opportunities for interconnection of its system with other systems, in all cases with a view to ensuring that all reasonable demands for electricity are met and having due regard for the environment; and
- (b) ensure the availability of all Ancillary Services which are necessary for the Licensee to carry out its functions in paragraph (a) insofar as this availability is independent from any other transmission system with which it is interconnected; and
- (c) plan the long term ability of the transmission system to meet reasonable demands for the transmission of electricity; and
- (d) contribute to security of supply through adequate planning and operation of transmission capacity and system reliability; and
- (e) take into account the need to operate a co-ordinated distribution system and transmission system; and
- (f) co-ordinate with the Northern Ireland System Operator in order to ensure that the transmission system and the Northern Ireland Transmission System can be operated in a co-ordinated manner;
- (g) perform the functions assigned to it by the Commission in relation to the establishment and operation of the Capacity Market;
- (h) perform the functions assigned to it by the Commission in relation to the establishment and operation of the Balancing Market;
- (i) report to the Commission, in such form and in such manner as may be required by the Commission, in regard to security of supply matters as specified in Regulation 28(2) of SI 60 of 2005 and other matters as the Commission may specify. Where the Licensee is of the opinion that security of supply is threatened or likely to be threatened, it shall advise the Commission of this and make recommendations to the Commission on measures necessary to cover peak demand and deal with shortfalls; and
- (j) when carrying out the functions in paragraphs (a) - (h) at all times have regard to the need to protect the interests of consumers of electricity in Northern Ireland and Ireland.¹

2. The provisions of this Condition inserted (or, as the case may be, removed) by virtue of decision of the Commission dated [#] 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 Commission may by direction appoint. Different days may be so appointed for different provisions and for different purposes.

¹ Inserted by TSO License Modification Notice (SEM-09-019) effective from 2 March 2009. See also Appendix 1 Part 3 of Consultation Paper SEM-08-176.

Condition 4 System Operator Agreement

1. The Licensee shall, by 1 October 2007 (or such later date as the Commission may direct), enter into, and thereafter comply with, and, in conjunction with the Northern Ireland System Operator, at all times maintain in force an agreement (the “**System Operator Agreement**”) which:
 - (a) insofar as any matter is within the control of the Northern Ireland System Operator and affects the ability of the Licensee to carry on the Transmission System Operation Business, ensures that such matter is carried out in a manner such that the Licensee is capable, on a continuing basis, of carrying on the Transmission System Operation Business;
 - (b) insofar as any matter is within the control of the Licensee in its capacity as the holder of this Licence and affects the ability of the Northern Ireland System Operator to carry on the Northern Ireland System Operation Business, ensures that such matter is carried out in a manner such that the Northern Ireland System Operator is capable, on a continuing basis, of carrying on the Northern Ireland System Operation Business;
 - (c) insofar as a matter is within the control of the Licensee in its capacity as the holder of this Licence and/or of the Northern Ireland System Operator and affects the ability of the Market Operator Licensee and/or the Northern Ireland Market Operator Licensee to carry on the Single Market Operation Business, ensures that such matter is carried out in a manner such that the Market Operator Licensee and/or the Northern Ireland Market Operator Licensee (as applicable) is capable, on a continuing basis, of carrying on the Single Market Operation Business;
 - (d) insofar as a matter is within the control of the Market Operator Licensee and/or of the Northern Ireland Market Operator Licensee and affects the ability of the Licensee in its capacity as the holder of this Licence and/or of the Northern Ireland System Operator to carry on the Transmission System Operation Business and/or the Northern Ireland System Operation Business, ensures that such matter is carried out in a manner such that the Licensee and/or the Northern Ireland System Operator (as applicable) is capable, on a continuing basis, of carrying on the Transmission System Operation Business and/or the Northern Ireland System Operation Business (as applicable); and
 - (e) is designed so as to:
 - (i) at all times protect the interests of consumers of electricity in Northern Ireland and Ireland.
 - (ii) promote the efficient discharge of the obligations imposed on the Licensee in its capacity as the Transmission System Operator, and on the Northern Ireland System Operator, under licences, laws and regulations;
 - (iii) facilitate the development, maintenance and operation of the transmission system as part of efficient, economical, co-ordinated, safe, secure and reliable All-Island Transmission Networks;
 - (iv) neither prevent nor restrict effective competition in the generation and supply of electricity on the Island of Ireland; and
 - (v) promote good industry practice and efficiency in the implementation and administration of the matters covered by the System Operator Agreement.²

2. Without prejudice to the generality of paragraph 1, the System Operator Agreement shall:

(a) set out the arrangements regarding the rights and obligations of the Licensee as against the Northern Ireland System Operator, in relation to contracts (and applications) for connection to the transmission system, connection to the Northern Ireland Transmission System and use of, the All-Island Transmission Networks (including as envisaged by section 34B of the Act); and

(b) provide for the sharing of costs and the making of payments between the Licensee and the Northern Ireland System Operator including, but not limited to, any sharing of costs and the making of any payments in respect of action taken or expenditure incurred by the Licensee or Northern Ireland System Operator for the purposes of complying with the provisions of the System Operator Agreement.

3. The Licensee shall, in conjunction with the Northern Ireland System Operator, periodically review (including at the request of the Commission) the System Operator Agreement and its implementation.

4. Save as provided for in paragraphs 5 and 6 below, the Licensee shall procure that the System Operator Agreement is not amended otherwise than by mutual consent of all of the persons who are, at the relevant time, a party to the System Operator Agreement and in each instance where a proposed amendment may have a material impact on the business of any electricity undertaking or on the operation of the Single Electricity Market, the Licensee shall consult with electricity undertakings and give due consideration to any representations received.

5. The Licensee shall ensure that the System Operator Agreement allows any party to the System Operator Agreement to (without restriction) refer to the Commission any proposed amendment to the System Operator Agreement that any other party thereto disputes where the dispute remains outstanding for more than 30 days after a party serves a notice on the other parties that refers to this paragraph. Where a proposed amendment is referred to the Commission in accordance with the provision of this paragraph, the Licensee shall comply with (and, in conjunction with the Northern Ireland System Operator, amend the System Operator Agreement to conform to) that amendment to the extent it is approved by the Commission.

6. In addition to the matters specified in paragraph 5, the System Operator Agreement may provide for there to be referred to the Commission for determination (subject to the Commission accepting such referral) such additional matters arising under the System Operator Agreement as may be specified in the System Operator Agreement.

7. The Licensee shall, in conjunction with the Northern Ireland System Operator, report annually to the Commission on the operation of the System Operator Agreement to the extent relevant to the functions, rights and obligations of the Licensee.

8. Where required by the Commission and to the extent required by the Commission, the Licensee shall publish the terms and conditions of the System Operator Agreement on its web-site.

9. In this Condition:

“Northern Ireland System Operation Business” has the meaning given to the expression “Transmission System Operator Business” in the Northern Ireland System Operator Licence.

Condition 5 Connection to the Transmission System and/or Use of the All-Island Transmission Networks

1. The provisions of Section 34 (Terms for connection to and use of transmission or distribution system), Section 34B (Arrangements and agreements relating to transmission system and All-Island Transmission Networks), Section 35 (Charges for connection to and use of transmission system or distribution system), Section 36 (Approval by Commission of Statement of Charges) and Section 37 (Direct lines) of the Act, as amended by SI 445 of 2000 and SI 60 of 2005, shall apply to the Licensee, save that for the purposes of this Licence references to the transmission system and the distribution system shall be read as references to the transmission system only.
2. The Licensee shall comply with any directions or determinations given to it by the Commission, from time to time, pursuant to Section 34, Section 34B, Section 35, Section 36 or Section 37 of the Act.
3. Where required by the Commission, the Licensee shall, in co-operation with the Northern Ireland System Operator, publish and make available on the Licensee's web-site the statement of charges for connection to and use of the transmission system approved by the Commission under Section 36 of the Act.
4. Where required by the Commission, the Licensee shall, in co-operation with the Northern Ireland System Operator, publish and make available on the Licensee's web-site a statement of charges for use of the All-Island Transmission Networks approved by the Commission.
5. The Licensee shall:
 - (a) upon receipt of a request from the Northern Ireland System Operator, insofar as any matter is within the control of the Licensee, ensure that the Northern Ireland System Operator can fulfil the conditions of the Northern Ireland System Operator Licence in relation to connection to the Northern Ireland Transmission System and use of the All-Island Transmission Networks;
 - (b) upon receipt of such a request as is referred to in subparagraph (a) of this paragraph 5, provide such information, conduct such studies, perform or procure the carrying out of such works to the transmission system and do such other things (including, but not limited to, the carrying out of such works) as are required for the purposes of ensuring that the Licensee complies with subparagraph (a) of this paragraph 4;

and the Licensee shall ensure that the System Operator Agreement contains provisions providing for such matters.

6. Any dispute between the Licensee and the Northern Ireland System Operator in relation to the provisions of the System Operator Agreement required by paragraph 5 which is not capable of being resolved in accordance with the dispute resolution procedure in the System Operator Agreement may be resolved in accordance with regulations made by the Commission under section 34B(3)(e) of the Act.

Condition 6 Single Electricity Market Trading and Settlement Code

1. The Licensee shall accede to the Single Electricity Market Trading and Settlement Code and comply with it insofar as it is applicable to it in its capacity as Transmission System Operator including the performance of its obligations in relation to the Capacity Market and the Balancing Market.

Condition 6A Capacity Market

1. The Licensee shall enter into and, in conjunction with the Northern Ireland System Operator, at all times administer and maintain in force, the Capacity Market Code, being a document which:

- a) makes provision in respect of the capacity arrangements described in paragraph 3;
- b) is designed to facilitate achievement of the objectives set out in paragraph 4; and
- c) contains modification procedures which provide that any modifications to the Capacity Market Code (but not, necessarily, to the Agreed Procedures) must be subject to the prior approval of the Commission and which enable the Commission to propose modifications to the Capacity Market Code;
and the Licensee shall be taken to have complied with this paragraph to the extent that it:
- d) adopts, on the date of such designation, as the Capacity Market Code the document designated as such by the Commission for the purposes of this Condition; and
- e) on an on-going basis reviews and proposes such modifications to that document (in accordance with the modification provisions therein) as would be necessary to ensure that that document meets the requirements of this paragraph 1.

2. The Licensee shall comply with the Capacity Market Code insofar as it is applicable to it as the holder of a licence granted under Section 14(1)(e) of the Act.

3. The capacity arrangements referred to in paragraph 1(a) are arrangements to secure generation adequacy and capacity to meet the demands of consumers including (without limitation) rules and procedures for the application for and allocation of agreements to remunerate the provision of electricity capacity (whether through the provision of generation, electricity supplied via interconnectors, reduction in demand or otherwise) across the island of Ireland. Those arrangements taken together with the arrangements for calculation and settlement of such remuneration (which are dealt with under the provisions of the Single Electricity Market Trading and Settlement Code), are referred to in this Condition as the "Capacity Market".

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

- a) to facilitate the efficient discharge by the Licensee of the obligations imposed on it by this licence, and to facilitate the efficient discharge by the Northern Ireland System Operator of the obligations imposed on it by the Northern Ireland System Operator Licence;
- b) to facilitate the efficient, economic and coordinated operation, administration and development of the Capacity Market and the provision of adequate future capacity in a financially secure manner;
- c) to facilitate the participation of undertakings including electricity undertakings engaged or seeking to be engaged in the provision of electricity capacity in the Capacity Market;
- d) to promote competition in the provision of electricity capacity to the Single Electricity Market;

- e) to provide transparency in the operation of the Single Electricity Market;
- f) to ensure no undue discrimination between persons who are or may seek to become parties to the Capacity Market Code; and
- g) through the development of the Capacity Market, to promote the short-term and long-term interests of consumers of electricity with respect to price, quality, reliability, and security of supply of electricity across the Island of Ireland.

5. The Licensee shall, in conjunction with the Northern Ireland System Operator, ensure that persons who are a party to the Capacity Market Code or who wish to become a party to the Capacity Market Code have, to the extent that is reasonably practicable, a single point of contact when participating in the Capacity Market and interfacing with the Transmission System Operation Business.

6. The Licensee shall provide to the Commission such information as the Commission may request concerning the Capacity Market Code or any aspect of its operation.

Coming into Effect

7. The provisions of this Condition (other than those of this paragraph and paragraph 8 below which shall come into immediate effect) shall come into effect on such day, and subject to such transitional arrangements, as the Commission may by direction appoint. Different days may be so appointed for different provisions and for different purposes.

Definitions

8. In this Condition:

“Agreed Procedures” means the detailed procedures that form part of the Capacity Market Code, but which are subsidiary to the main provisions of the code, as (subject thereto) such expression is defined in the code;

Condition 7 Forecast Statement

1. The Licensee shall, in consultation with Northern Ireland System Operator, no later than such period after this Licence has come into force, as the Commission shall direct, prepare in a form, and based on methodologies, approved by the Commission a statement, in accordance with Section 38 of the Act, to be known and referred to as the "Forecast Statement".
2. The Licensee shall, in consultation with Northern Ireland System Operator, at least annually, revise the information set out in and the form of the Forecast Statement, and the methodologies on which the Forecast Statement is based, in order that the Forecast Statement shall continue to be accurate in all material respects. The form of the revised Forecast Statement and the methodologies on which it is based shall be subject to the approval of the Commission.
3. The Licensee may omit from the Forecast Statement any information the disclosure of which would place the Licensee in breach of Condition 21 (Restriction on Use of Certain Information).
4. The Licensee shall publish and make available the Forecast Statement on the Licensee's web-site.
5. The preparation of any statement in accordance with paragraph 1 shall, so far as practicable, be co-ordinated with the preparation of any equivalent document prepared by Northern Ireland System Operator and such statements shall, so far as possible and save to the extent the Commission consents otherwise, be prepared on a consistent basis.
6. In this Condition:

"consistent basis" means, in respect of two or more documents, that the assumptions and input data which are common to those documents, and methodologies by which results in relation to equivalent subjects in those documents are derived, are (to the extent material to those documents and/or their subject matter) materially the same, and that the conclusions or outcomes in relation to equivalent subjects in those documents are presented in a manner which is designed so as to facilitate ease of comparison between the documents.

Condition 8 Development Plan

1. The Licensee shall, in consultation with Northern Ireland System Operator, no later than such period after this Licence has come into force as the Commission shall direct, prepare and submit to the Commission for approval a plan, in accordance with Regulation 8(6) of SI 445 of 2000 to be known and referred to as the Development Plan, for the development of the transmission system in order to guarantee security of supply for the following five calendar years.
2. The Licensee shall, in consultation with Northern Ireland System Operator, revise the Development Plan at least annually in order that the information set out in the Development Plan shall continue to be accurate in all material respects and shall submit it to the Commission for approval.
3. The provisions of Regulation 8(6) of SI 445 of 2000 (Functions of transmission system operator) shall apply to any revisions of the Development Plan.
4. The Licensee shall publish and make available the Development Plan on the Licensee's web-site.
5. The preparation of any plan in accordance with paragraph 1 shall, so far as practicable, be co-ordinated with the preparation of any equivalent document prepared by Northern Ireland System Operator and such plans shall, so far as possible and save to the extent the Commission consents otherwise, be prepared on a consistent basis.
6. In this Condition:

"**consistent basis**" means, in respect of two or more documents, that the assumptions and input data which are common to those documents, and methodologies by which results in relation to equivalent subjects in those documents are derived, are (to the extent material to those documents and/or their subject matter) materially the same, and that the conclusions or outcomes in relation to equivalent subjects in those documents are presented in a manner which is designed so as to facilitate ease of comparison between the documents.

Condition 9 Interconnectors

1. In accordance with Regulation 8(1) of SI 445 of 2000 the Licensee shall, no later than such period after this Licence has come into force as the Commission shall direct, prepare a procedure for the use of Republic of Ireland Interconnectors with other systems to be submitted to the Commission for approval.
2. The Licensee shall explore and develop opportunities to interconnect the transmission system with other systems and shall comply with any direction of the Commission pursuant to Regulation 8(7) of SI 445 of 2000.
3. The Licensee shall as soon as practicable after the commissioning of each Republic of Ireland Interconnector and, in any event, not later than such date as the Commission shall specify, prepare a statement for the approval of the Commission showing:
 - (a) the total amount of the capacity of each or all relevant Republic of Ireland Interconnectors either individually or in aggregate as the Commission may decide which the Licensee anticipates will be available for the transfer of electricity from and to the Republic of Ireland;
 - (b) the amount of that capacity of each Republic of Ireland Interconnector proposed to be reserved by the Licensee and/or any other system operator for such purposes as system security;
 - (c) such matters (if any) as the Commission shall specify prior to its approval of the statement.
4. The Licensee shall review the statement referred to in paragraph 3 in such form and at such frequency as the Commission may specify from time to time.
5. The Licensee shall publish and make any statement prepared in accordance with this Condition available on the Licensee's web-site.

Condition 10 Central Dispatch

1. The Licensee shall, in conjunction with the Northern Ireland System Operator, schedule SEM Generation and ensure that direct instructions for the dispatch of SEM Generation are issued in accordance with paragraphs 2, 3, 4 and 5.
2. Having regard to information provided to it by the Northern Ireland System Operator and by electricity undertakings and by authorised electricity operators (including as to forecast levels of electricity demand and availability of generation capacity), to forecast levels of electricity available to be transferred to or from the Island of Ireland across any Interconnector and to the requirements of Operating Security Standards and the Northern Ireland Transmission and Distribution System Security and Planning Standards the Licensee shall, in conjunction with the Northern Ireland System Operator undertake operational planning:
 - (a) for the matching of SEM Generation output (including a reserve of SEM Generation to provide a security margin of SEM Generation availability) with forecast demand on the Island of Ireland after taking into account, inter alia:
 - (i) unavailability of generation units and/or Interconnector transfers;
 - (ii) constraints from time to time imposed by technical limitations on the All-Island Networks or any part thereof; and
 - (iii) electricity delivered to the All-Island Networks from generation units not subject to central dispatch; and
 - (b) consistently with sub-paragraph (a) above, and in accordance with the Grid Code, for the release of parts of the transmission system for maintenance, repair, extension or reinforcement.
3. The Licensee shall (pursuant to the Grid Code), in conjunction with the Northern Ireland System Operator (pursuant to the Northern Ireland Grid Code), establish and operate, a merit order system for SEM Generation.
4. Taking account of, inter alia, the factors set out in paragraph 5, the Licensee shall, in conjunction with the Northern Ireland System Operator:
 - (a) schedule SEM Generation; and
 - (b) except to the extent not reasonably achievable given the fact that the Licensee and the Northern Ireland System Operator each have separate control centres from which dispatch instructions to generation units in each of their respective jurisdictions are issued, ensure that direct instructions for the dispatch of SEM Generation are issuedin each case:
 - (a) in ascending order of relevant prices; and
 - (b) as will in aggregate (and after taking account of electricity delivered to or from the All-Island Transmission Networks from or to other sources) be sufficient to match at all times (to the extent possible having regard to the availability of SEM Generation) demand forecast on the All-Island Networks taking account of information provided by electricity undertakings and by authorised electricity operators, together with an appropriate margin of reserve.
5. The factors referred to in paragraph 4 are:
 - (a) forecast demand on the Island of Ireland;
 - (b) technical constraints from time to time imposed on the All-Island Transmission Networks or any part or parts thereof;
 - (c) the dynamic operating characteristics of SEM Generation;

- (d) forecast exports of electricity across any Interconnector;
- (e) transmission and distribution losses;
- (f) Operating Security Standards and the Northern Ireland Operating Security Standard;
and
- (g) other matters provided for in the Grid Code and the Northern Ireland Grid Code including in each case any arrangements for the dispatch of renewable generators.

6. The Licensee shall provide to the Commission such information as the Commission shall request concerning the merit order system or any aspect of its operation.

Cease to have effect

7. This Condition shall cease to have any effect from the date determined by the Commission subject to any transitional provisions which the Commission 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 Commission issued prior to that date).

8. In this Condition:

"available", in relation to any generation units or Interconnector transfer, means a generation unit or Interconnector transfer which is available in accordance with the Grid Code or the Northern Ireland Grid Code (as applicable) and "availability" shall be construed accordingly;

"central dispatch" means the process of scheduling and issuing direct instructions by the Licensee, in conjunction with the Northern Ireland System Operator, as referred to in paragraph 1;

"Northern Ireland Grid Code" has the meaning given to the expression "Grid Code" in the Northern Ireland System Operator Licence;

"Interconnector transfer" means the flow of electricity across an Interconnector into, or out of, the Island of Ireland;

"merit order system" means a system establishing economic precedence of electricity from available generation units or Interconnector transfers to be delivered or transferred to the All-Island Networks (subject to other system needs);

"Northern Ireland Operating Security Standard" has the meaning given to the expression "operating security standard" in the Northern Ireland System Operator Licence;

"Northern Ireland SEM Generation" means the available generation units of each relevant generator in Northern Ireland which:

- (a) are required to be subject to central dispatch instructions under the terms of any exemption granted under Article 9 of the Electricity (Northern Ireland) Order 1992 or any licence granted under Article 10 of the Electricity (Northern Ireland) Order 1992; or
- (b) are otherwise agreed by that relevant generator to be subject to central dispatch;

"Northern Ireland Transmission and Distribution System Security and Planning Standards" has the meaning given to the expression "Transmission and Distribution System Security and Planning Standards" in the Northern Ireland System Operator Licence;

"relevant generator" means:

- (a) a holder of a licence under Article 10(1)(a) of the Electricity (Northern Ireland) Order 1992; or

(b) a person who is exempt from the requirement to hold such a licence in accordance with Article 9 of the Electricity (Northern Ireland) Order 1992 and whose generation units are connected to the Northern Ireland total system;

“relevant price” means in relation to each generation unit and each Interconnector transfer the price submitted in respect of that generation unit or Interconnector transfer in accordance with the Single Electricity Market Trading and Settlement Code;

“Republic of Ireland SEM Generation” means the available generation units of each Generator which:

(a) are required to be subject to central dispatch under the terms of any licence granted under Section 14(1) of the Act (as amended); or

(b) are otherwise agreed by any such generator to be subjected to central dispatch;

“SEM Generation” means Republic of Ireland SEM Generation and Northern Ireland SEM Generation and available Interconnector transfers taken together; and

Condition 10A Scheduling and Dispatch~~Central Dispatch~~

1. The Licensee shall, in conjunction with the Northern Ireland System Operator, schedule SEM Units Generation and ensure that direct instructions for the dispatch of SEM Units Generation are issued in accordance with paragraphs 2, 3, 4 and 5.
2. Having regard to information provided to it by the Northern Ireland System Operator and by electricity undertakings and by authorised electricity operators (including as to forecast levels of electricity demand and availability of generation capacity), to forecast levels of electricity available to be transferred to or from the Island of Ireland across any Interconnector and to the requirements of the Operating Security Standards and the Northern Ireland Transmission and Distribution System Security and Planning Standards the Licensee shall, in conjunction with the Northern Ireland System Operator undertake operational planning:
 - (a) for the matching of SEM Unit Generation output (including a reserve of SEM Units Generation to provide a security margin of SEM Generation Unit availability) with forecast demand on the Island of Ireland after taking into account, inter alia:
 - (i) physical notifications;
 - (ii) unavailability of generation Generation units and/or Interconnector transfers;
 - (iii) constraints from time to time imposed by technical limitations on the All-Island Networks or any part thereof; and
 - (iv) electricity delivered to the All Island Networks from generation units not subject to central dispatch; and
 - (b) consistently with sub paragraph (a) above, and in accordance with the Grid Code, for the release of parts of the transmission system for maintenance and repair, extension or reinforcement.
3. The Licensee shall (pursuant to the Grid Code) in conjunction with the Northern Ireland System Operator (pursuant to the Northern Ireland Grid Code), establish and operate, a merit order system for the Balancing Market. The merit order so established shall take account of the following objectives:
 - (a) minimising the cost of diverging from physical notifications;
 - (b) as far as practical, enabling the Ex-Ante Market to resolve energy imbalances ~~ahead of Gate Closure~~; and
 - (c) as far as practical, minimising the cost of non-energy actions by the Licensee ~~in the impact upon the Ex-Ante Market~~.
4. Taking account of, inter alia, the factors set out in paragraph 5, the Licensee shall, in conjunction with the Northern Ireland System Operator:
 - (a) schedule SEM Units Generation; and
 - (b) except to the extent not reasonably achievable given the fact that the Licensee and the Northern Ireland System Operator each have separate control centres from which dispatch instructions to generation units in each of their respective jurisdictions are issued, ensure that direct instructions to dispatch SEM Units Generation are issued;

in each case:

- (c) in ascending order of incremental offer prices and descending order of decremental bid prices; and
 - (d) as will in aggregate (and after taking account of electricity delivered to or from the All-Island Transmission Networks from or to other sources and submitted physical notifications) be sufficient to match at all times (to the extent possible having regard to the availability of SEM Units Generation) demand forecast on the All-Island Networks taking account of information provided by electricity undertakings and by authorised electricity operators, together with an appropriate margin of reserve.
5. The factors referred to in paragraph 4 are:
- (a) forecast demand on the Island of Ireland;
 - (b) physical notifications;
 - (c) the values of the parameters which have been determined by the Commission as the scheduling and dispatch policy parameters;
 - (d) technical constraints from time to time imposed on the All-Island Networks or any part or parts thereof;
 - (e) the dynamic operating characteristics of SEM Units Generation;
 - (f) flows forecast exports of electricity across any Interconnector;
 - (g) transmission and distribution losses;
 - (h) in respect of the transmission system, the Operating Security Standards and (in respect of the Northern Ireland Transmission System) the Northern Ireland Operating Security Standard; and
 - (i) other matters provided for in relevant legislation, the Grid Code and the Northern Ireland Grid Code including in each case any arrangements for the dispatch of renewable generators.
6. The Licensee shall, when directed by the Commission to do so, prepare a report considering and proposing the initial values of the policy parameters to be used in its scheduling and dispatch process. ~~parameters including the values of the Long Notice Adjustment Factor and the System Imbalance Flattening Factor.~~ Following publication of the Licensee's report and consultation with such persons as the Commission believes appropriate, the Commission shall determine the values of the policy parameters to be used in the scheduling and dispatch process, which may include the Long Notice Adjustment Factor and the System Imbalance Flattening Factor and shall specify the period for which they shall apply. The Licensee shall use the specified values of the policy parameters in the scheduling and dispatch support systems until such times any revisions are to be applied following the procedures set out in paragraph 7.
7. The Licensee shall provide a report to the Commission on an annual basis or whenever so required by the Commission on the performance of its scheduling and dispatch process resulting from the current values of the scheduling and dispatch policy parameters. The Licensee may propose changes to the values of those policy parameters, or their replacement with different parameters. After publication of the Licensee's report and following consultation with such persons as the Commission believes appropriate, the Commission may determine that the values of the policy parameters shall change, or that different policy parameters shall be used. Such a determination shall specify the date from which any such changes shall take effect and may specify transitional arrangements to be applied by the Licensee.

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8. The Licensee shall provide to the Commission such information as the Commission shall request concerning the merit order system or any aspect of its operation.
9. The Licensee shall arrange for the carrying out of a periodic audit of the scheduling and dispatch process, its operation and implementation in accordance with directions given to it from time to time by the Commission in respect of such matters as the Commission considers appropriate, including (without prejudice to the generality):
 - (a) the frequency, audit period, process and timetable for the audit;
 - (b) the selection, appointment and tenure of a person or firm to carry out the audit;
 - (c) the terms of reference for the audit;
 - (d) the publication of the audit report and of any other relevant materials;

and the Licensee shall provide, or arrange for the provision, in a timely manner of such information, reports or other assistance (whether to the Commission or to another person specified by the Commission) as the Commission may request concerning the audit. The Licensee shall, where directed to do so by the Commission, implement the recommendations contained in any audit report.

Coming Into Effect

10. The provisions of this Condition (other than those of this paragraph and of paragraph 11 which shall come into immediate effect) shall come into effect on such day, and subject to such transitional arrangements, as the Commission may by direction appoint. Different days may be so appointed for different provisions and for different purposes.
11. In this Condition:

“available” in relation to any generation ~~set, demand side unit units~~ or Interconnector transfer, means a generation ~~set, demand side unit unit~~ or Interconnector transfer which is available in accordance with the Grid Code or the Northern Ireland Grid Code (as applicable) and “availability” shall be construed accordingly;

“central dispatch” means the process of scheduling and issuing direct instructions by the Licensee, in conjunction with the Northern Ireland System Operator, as referred to in paragraph 1;

“Interconnector transfer” means the flow of electricity across an Interconnector into, or out of, the Island of Ireland;

“Long Notice Adjustment Factor” means a multiplier applied to the start-up costs of generation units which varies depending on the length of notice provided in any instruction from the Licensee to synchronise such generation unit and which has greater values for greater lengths of notice;

“merit order system” means a system establishing economic precedents of electricity from available generation units or Interconnector transfers to be delivered or transferred to the All-Island Networks (subject to other system needs);

“non-energy actions” means dispatch instructions categorised through the ex-post market systems as issued with the intent of resolving system security constraints and meeting other statutory requirements in the transmission system rather than balancing energy between demand and generation;

“Northern Ireland Grid Code” has the meaning given to the expression “Grid Code” in the Northern Ireland System Operator Licence”;

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“Northern Ireland Operating Security Standard” has the meaning given to the expression “operating security standard” in the Northern Ireland System Operator Licence;

“Northern Ireland SEM Generation” means the available generation units of each relevant generator in Northern Ireland which:

- (a) are required to be subject to central dispatch instructions under the terms of any exemption granted under Article 9 of the Electricity (Northern Ireland) Order 1992 or any licence granted under Article 10 of the Electricity (Northern Ireland) Order 1992; or
- (b) are otherwise agreed by that relevant generator to be subject to central dispatch;

“Northern Ireland total system” has the meaning given to the expression “total system” in the Northern Ireland System Operator Licence;

“Northern Ireland Transmission and Distribution System Security and Planning Standards” means the “Transmission System Security and Planning Standards” and “Distribution System Security and Planning Standards” as those expressions are defined in the Northern Ireland System Operator Licence”;

“physical notification” has the meaning set out in the Single Electricity Market Trading and Settlement Code, Part B;

“relevant generator” means (a) a holder of a licence under Article 10(1)(1) of the Electricity (Northern Ireland) Order 1992; or (b) a person who is exempt from the requirement to hold such a licence in accordance with Article 9 of the Electricity (Northern Ireland) Order 1992 and whose generation units are connected to the Northern Ireland total system;

“Republic of Ireland SEM Generation” means the available generation units of each Generator which: (a) are required to be subject to central dispatch under the terms of any licence granted under Section 14(1) of the Act (as amended); or (b) are otherwise agreed by any such generator to be subjected to central dispatch;

“scheduling and dispatch policy parameters” means the parameters to be used in the Licensee’s scheduling and dispatch support systems which are subject to paragraphs 6 and 7 shall be designed to defer central dispatch instructions to enable the maximum use by participants of the Ex-Ante Markets and may shall include a Long Notice Adjustment Factor and a System Imbalance Flattening Factor;

“SEM Units Generation” means Republic of Ireland SEM Generation Units, Demand Side Units and System Service providers, ~~and~~ Northern Ireland SEM Generation, Demand Side Units and System Service providers and available Interconnector transfers taken together; ~~and~~

“System Imbalance Flattening Factor” means a multiplier applied to the start-up costs of generation units which varies depending on the degree to which forecast generation including forecast imports and forecast exports on Interconnectors is short of forecast demand and which has greater values for greater shortages.

Condition 10B Balancing Market Principles Statement

1. The Licensee shall, when directed by the Commission to do so, prepare in conjunction with the Northern Ireland System Operator, a Balancing Market Principles Statement being a document which:
 - (i) describes the Licensee's scheduling and dispatch process within the Balancing Market; and
 - (ii) sets out the Licensee's reporting regime for occasions when it has acted in exception to the processes and procedures set out in the statement.
2. The Balancing Market Principles Statement shall be in a form approved by the Commission and shall be based upon and fully comply with the BMPS Terms of Reference. The Balancing Market Principles Statement shall be published on the Licensee's website.
3. The Licensee shall ensure that, following updates to obligations on the Licensee and/or the Licensee's associated operational processes and in accordance with paragraphs 5 and 6, the Balancing Market Principles Statement is as accurate and up-to-date a description of the scheduling and dispatch process as is practicable.
4. The Licensee shall review the Balancing Market Principles Statement on an ongoing basis (and in any event at least once a year) to determine if the Balancing Market Principles Statement continues to be an accurate and up-to-date description of the Licensee's scheduling and dispatch process within the Balancing Market. The Licensee shall propose such amendments to the Balancing Market Principles Statement as it considers necessary following such reviews, or upon being informed by the Commission, in accordance with paragraphs 5 and 6.
5. Except where the Commission directs otherwise, before revising the Balancing Market Principles Statement the Licensee shall:
 - (a) send a copy of the proposed revisions to the Commission;
 - (b) consult market participants on the proposed revisions and allow them a period of not less than 28 days in which to make representations to the Licensee;
 - (c) submit to the Commission, within 7 days from the close of the consultation a report setting out:
 - (i) the revisions originally proposed;
 - (ii) the representations (if any) made to the Licensee;
 - (iii) any changes to the revisions subsequent to the consultation process; and
 - (iv) where the Commission directs that sub-paragraphs i), ii), and iii) or any of them shall not apply, comply with such other requirements as are specified in the direction.
6. The Licensee shall not revise the Balancing Market Principles Statement and any revision thereof until the expiry of 28 days from the date on which the Commission receives the report referred to in sub-paragraph 5(c) unless prior to that date the Commission either i) directs the Licensee to make the revision on an earlier date; or ii) directs the Licensee not to make the revision.

Coming Into Effect

7. The provisions of this Condition (other than those of this paragraph and of paragraph 8 which shall come into immediate effect) shall come into effect on such day, and subject to such transitional arrangements, as the Commission may by direction appoint. Different days may be so appointed for different provisions and for different purposes.
8. In this condition:

“BMPS Terms of reference” means Appendix A of the document named “Balancing Market Principles Statement Terms of Reference” published by the SEM Committee on 7th October 2016 (SEM-16-058) or such other document replacing the same and published by the Commission from time to time.

Condition 11 Economic Procurement of Assets, Services and Ancillary Services

1. The Licensee shall procure such assets and services, and such quantities and types of Ancillary Services as may be necessary and appropriate to enable the Licensee to discharge its obligations under the Act, SI 445 of 2000, SI 60 of 2005, the Single Market Regulations and this Licence.
2. In procuring assets, services and Ancillary Services pursuant to paragraph 1, without prejudice to the Infrastructure Agreement and System Operator Agreement, the Licensee shall procure such assets, services and Ancillary Services from the most economical sources available to it having regard to the quantity and nature of the assets, services and Ancillary Services required to enable it to discharge its obligations under the Act, SI 445 of 2000, SI 60 of 2005 and this Licence and to the diversity, number, timeliness of delivery and reliability of such assets, services and Ancillary Services. Where appropriate, taking into account the quantity, nature and cost of Ancillary Services, the Licensee shall make arrangements for such contracting in co-operation with the Northern Ireland System Operator.
3. This Condition shall not extend to prescribing the manner or circumstances in which the Licensee shall at any time call for the delivery of assets and services under any contract or arrangement entered into pursuant to paragraph 1.
4. Any provision of assets, services or Ancillary Services:
 - (a) to the Licensee by any affiliate or related undertaking of the Licensee; or
 - (b) by the Licensee to any affiliate or related undertaking of the Licensee,shall be on arms-length terms.
5. Any provision of assets, services or Ancillary Services of a material nature by the Transmission System Operation Business to any Separate Business of the Licensee, or by any Separate Business of the Licensee to the Transmission System Operation Business shall (insofar as possible given that they are a single legal entity) be undertaken on arms-length terms (or such other specific terms as agreed in advance in writing by the Commission); and:
 - (a) where such Separate Business is the Market Operation Activity and / or the NEMO Activity, the cost of such provision shall be apportioned between the Transmission System Operation Business and the Market Operation Activity and / or the NEMO Activity (as appropriate) at cost; and
 - (b) where such Separate Business is not the Market Operation Activity and / or NEMO Activity, the cost of such provision shall be apportioned between the Transmission System Operation Business and such Separate Business at a commercial rate.
6. Any question arising as to materiality shall be determined by the Commission for the purposes of this Condition.

Condition 12 Relevant Assets

1. The Licensee shall prepare and maintain a register of all relevant assets in a form as specified by the Commission from time to time. The Licensee shall provide the Commission with such a register no later than six months after this Licence has come into force and shall provide the Commission with such a register annually.
2. The Licensee shall not dispose of, or relinquish operational control over any relevant asset if the disposal or relinquishment of control would adversely affect its ability to discharge its obligations under the Act, SI 445 of 2000, SI 60 of 2005, or the carrying on of activities authorised or required by this Licence, and any question arising under this Condition shall be determined by the Commission.
3. The Commission shall issue directions from time to time requiring the Licensee to give prior written notification to the Commission of proposed disposals of relevant assets of a specified description and these directions may include a direction that certain categories of such disposals may not take place until either the Commission has expressly agreed to them or a specified time period has elapsed.
4. The Licensee shall not dispose of, or relinquish operational control over any relevant asset if the disposal or relinquishment of control would adversely affect the ability of the Market Operator Licensee, Northern Ireland Market Operator Licensee, or Northern Ireland System Operator to discharge their respective obligations under applicable laws or regulations or the carrying on of activities authorised or required by this Licence, the Northern Ireland System Operator Licence or the market operator licence held by the Market Operator Licensee or Northern Ireland Market Operator Licensee, and any question arising under this Condition shall be determined by the Commission.

5. In this Condition:

"**disposal**" includes any sale, assignment, gift, lease, licence, transfer, mortgage, charge, restriction on use (whether physical or legal), or the grant of any other encumbrance or the permitting of any encumbrance to subsist or any other disposition to a third party and

"**dispose**" shall be construed accordingly;

"**relevant asset**" means:

- (a) any material transmission system equipment used by the Licensee in the discharge of its functions under this Licence but excluding equipment owned by the Transmission System Owner; and
 - (b) any control centre for use in conjunction with the transmission system; and
 - (c) any legal or beneficial interest which can be considered material in land and/or premises upon which any of the foregoing is situate and/or used by the Licensee in the discharge of its functions under this Licence.
6. Any question arising as to the materiality of relevant assets shall be determined by the Commission for the purposes of this Condition.

Condition 13 Additional Use or Disposal of Relevant Assets

1. If any or all of the relevant assets are being used or disposed of, or if any or all of the relevant assets are proposed to be used or disposed of by the Licensee (or any Separate Business of the Licensee) for interests other than or in addition to discharging the functions of the transmission system operator, the Licensee shall, as soon as is practicable after the date of issue of this Licence, notify the Commission in writing of same and provide the Commission with such information as the Commission may require in relation to such usage or disposal.
2. The Commission shall issue directions from time to time requiring the Licensee to give prior written notification to the Commission of proposed additional uses or disposals of relevant assets of a specified description and these directions may include a direction that certain categories of such disposals may not take place until either the Commission has expressly agreed to them or a specified time period has elapsed.
3. In this Condition:

“**disposal**” has the meaning as defined in Condition 12 and “**disposed**” shall be construed accordingly;

“**relevant assets**” has the meaning as defined in Condition 12.
4. Any question arising as to the materiality of relevant assets shall be determined by the Commission for the purposes of this Condition.

Condition 14 Detection and Prevention of Theft of Electricity

1. In respect to the transmission system, the Licensee shall (and shall ensure that its agents) take all reasonable steps to detect and prevent:

- (a) the theft of electricity;
- (b) damage to any electrical plant, electric line and Metering Equipment; and
- (c) interference with any Metering Equipment.

2. Where the Licensee has reason to believe that:

- (a) the theft of electricity is taking place or has taken place; or
- (b) there has been interference with the Metering Equipment to alter its register or prevent it from duly registering the quantity of electricity supplied or produced;

the Licensee shall, as soon as reasonably practicable, inform the affected Supplier of the incident in question.

3. In this Condition:

“theft of electricity” means the dishonest use, waste or diversion of electricity, within the meaning of Section 15 of the Energy (Miscellaneous Provisions) Act, 1995.

Condition 15 Transmission System Security and Planning Standards

1. The Licensee shall, following consultation with the Distribution System Operator and with the Transmission System Owner and with Northern Ireland System Operator, no later than such period after this Licence has come into force as the Commission shall direct, establish standards for transmission system security and planning and shall prepare a document entitled "**Transmission System Security and Planning Standards**" which shall embody such standards subject to the approval of the Commission.
2. The Licensee shall be responsible for operating, ensuring the maintenance of and, if necessary, developing the transmission system in accordance with the Transmission System Security and Planning Standards.
3. The Licensee shall, in consultation with the Distribution System Operator and with the Transmission System Owner and with Northern Ireland System Operator, periodically review (including at the request of the Commission) the Transmission System Security and Planning Standards and their implementation. Following any such review, the Licensee shall send to the Commission:
 - (a) a report of the outcome of such review; and
 - (b) any revisions which it proposes to make to the Transmission System Security and Planning Standards (having regard to the outcome of the review); and

Revisions to the Transmission System Security and Planning Standards proposed by the Licensee shall be subject to the approval of the Commission.

4. The Commission may issue directions requiring the Licensee to revise the Transmission System Security and Planning Standards in such manner as may be specified in the directions, and the Licensee shall comply with such directions.
5. The Transmission System Security and Planning Standards shall be reviewed in the manner provided for in paragraphs 3 no later than twelve months after the date of first approval by the Commission of such standards. Such review period may be extended by the Commission in directions issued to the Licensee for the purposes of this Condition.
6. The Licensee shall publish and make the Transmission System Security and Planning Standards available on the Licensee's web-site.
7. The Licensee may seek a derogation relieving the Licensee of its obligations under paragraph 2 in respect of parts of the Transmission System Security and Planning Standards and the Commission may issue directions relieving the Licensee of its obligations under paragraph 2 above in respect of such parts of the Transmission System Security and Planning Standards, to such extent as may be specified in those directions.

Condition 16 Operating Security Standard

1. The Licensee shall, no later than such period after this Licence comes into force as the Commission shall direct, establish standards for ensuring day to day operating security and shall prepare a document entitled the "**Operating Security Standards**" which shall embody such standards.
2. The Licensee shall be responsible for operating the transmission system in accordance with the Operating Security Standards.
3. The Operating Security Standards shall be subject to the approval of the Commission.
4. The Licensee shall periodically review (including at the request of the Commission) the Operating Security Standards and their implementation to assess whether it continues to be an appropriate standard to which the transmission system should be operated having regard to the aims set out in Condition 1, paragraph 8. Following any such review, the Licensee shall send to the Commission:
 - (a) a report of the outcome of such review; and
 - (b) any revisions which it proposes to make to the Operating Security Standards (having regard to the outcome of the review); and

Revisions to the Operating Security Standards proposed by the Licensee shall be subject to the approval of the Commission.

5. The Commission may issue directions requiring the Licensee to revise the Operating Security Standards in such manner as may be specified in the directions, and the Licensee shall forthwith comply with such directions.
6. The Operating Security Standards shall be reviewed in the manner provided for in paragraphs 4 not later than twelve months after the date of first approval by the Commission of such standards. Such review may be extended by the Commission in directions issued to the Licensee for the purposes of this Condition.
7. The Licensee shall publish and make the Operating Security Standards available on the Licensee's web-site.

Condition 17 Duty of Non-Discrimination

1. In the carrying out of its functions under this Licence, the Licensee shall not discriminate unfairly between persons or classes of persons, or between system users or classes of system users, particularly in favour of its subsidiaries, associated or affiliated undertakings, joint ventures or shareholders.
2. The Licensee shall establish a compliance programme on the measures taken to ensure that discriminatory conduct by it or its employees is prevented, which shall include specific obligations imposed on its employees to prevent discrimination.
3. The Licensee shall report to the Commission at intervals of not more than one year, in such form as the Commission determines, specifying the measures taken and the level of compliance in relation to paragraph 2. The report shall be published by the Licensee in such manner as shall be determined by the Commission.

Condition 18 Performance of the Transmission System Operation Business

1. The Licensee shall, no later than such period after this Licence comes into force as the Commission shall direct, submit to the Commission for approval a report setting out the performance criteria against which the performance of the transmission system may be measured.
2. The Licensee shall conduct the Transmission System Operation Business in the manner, which it reasonably considers to be best calculated to achieve any and all standards and/or targets of performance as may be determined by the Commission from time to time.
3. The Licensee shall, periodically review (including at the request of the Commission) the performance criteria. Following any such review, the Licensee shall send to the Commission:
 - (a) a report of the outcome of such review; and
 - (b) any revisions which it proposes to make to the performance criteria (having regard to the outcome of the review).

Revisions to the performance criteria proposed by the Licensee shall be subject to the approval of the Commission.

4. The Licensee in discharging its functions shall take into account the objective of minimising the overall costs to final customers pursuant to Regulation 8(3) of SI 445 of 2000.
5. The Licensee shall report annually on the performance of the Transmission System Operation Business using the criteria specified in paragraph 1.
6. The performance criteria specified in paragraph 1 as approved by the Commission and the report on performance specified in paragraph 5 shall be published and made available on the Licensee's web-site.

Condition 19 Access to Land and/or Premises

1. The Licensee shall, no later than three months after this Licence comes into force, prepare and submit to the Commission for its approval a code of practice setting out the principles and procedures that the Licensee will follow in respect of any person acting on its behalf who requires access to land and/or premises.
2. The code of practice shall include procedures calculated to ensure that persons visiting land and/or premises on behalf of the Licensee:
 - (a) possess the skills necessary to perform the required duties; and
 - (b) are readily identifiable to members of the public; and
 - (c) are appropriate persons to visit and enter land.
3. The Licensee shall periodically review (including at the request of the Commission) this code of practice and any revision of such code of practice shall be subject to the approval of the Commission.
4. The Licensee shall ensure that it complies with the code or any revisions to the code as approved by the Commission from time to time.

Condition 20 Prohibited Activities

1. The Licensee shall not and shall procure that any affiliate or related undertaking of the Licensee shall not, on behalf of the Licensee, engage in the generation, distribution or supply of electricity on the Island of Ireland.
2. The Licensee shall notify the Commission of any interests the Licensee has in any other electricity undertaking forthwith, outside of the Island of Ireland, directly or indirectly acquired. The Licensee shall provide not less than two months prior written notification to the Commission of an interests in any other electricity undertakings that the Licensee intends to, directly or indirectly, acquire.

Condition 21 Restriction on Use of Certain Information

1. The Licensee shall preserve the confidentiality of commercially sensitive information held and/or obtained by it in the discharge of its functions as transmission system operator in accordance with SI 445 of 2000, SI 60 of 2005, the Act, the System Operator Agreement, the Infrastructure Agreement and this Licence.
2. The Licensee shall prevent information about its own activities which may be commercially advantageous being disclosed in a discriminatory manner.
3. The Licensee shall implement such measures and procedures and take all such other steps as it shall reasonably consider and/or shall be specified in directions issued by the Commission from time to time to be necessary for the purpose of securing compliance by the Licensee with its obligations under paragraphs 1 and 2.
4. The Licensee shall ensure that confidential information is only disclosed to authorised recipients, classes of authorised recipients or authorised advisors.
5. The Licensee shall ensure that when any member of staff is to be transferred ~~from~~ between the Transmission System Operation Business ~~to~~ and any Separate Business or vice versa and an unfair commercial advantage could accrue to either or both businesses, the Licensee shall inform the Commission of the proposed transfer(s) and shall make the Commission aware of the steps being taken to ensure that no unfair commercial advantage will accrue to either business. In particular (and insofar as is legally possible) the transfer of any members of staff that has been involved in the establishment or operation of the Capacity market to an affiliate to perform activities in relation to an Interconnector (where appropriate) shall be the subject to a cooling-off period of a duration to be agreed with the Commission. The Commission may determine in certain cases that no cooling-off period is required.
6. Paragraphs 1, 2 and 4 shall not apply to:
 - (a) any confidential information which, before or after it is furnished to the Licensee's employees, is in the public domain; or
 - (b) the disclosure of any confidential information:
 - (i) in compliance with the duties of the Licensee under the Act, SI 445 of 2000, SI 60 of 2005, the Single Market Regulations, the System Operator Agreement the Infrastructure Agreement or any other requirement of a competent authority; or
 - (ii) in compliance with the Conditions granted in this Licence or any document referred to in this Licence with which the Licensee is required by virtue of the Act, SI 445 of 2000, SI 60 of 2005, the Single Market Regulations, the System Operator Agreement, the Infrastructure Agreement or this Licence to comply; or
 - (iii) in compliance with any other requirement of law; or
 - (iv) pursuant to any judicial or other arbitral process or tribunal of competent jurisdiction; or
 - (c) any confidential information to the extent that the Licensee is expressly permitted or required to disclose that information under the terms of any agreement or arrangement (including the Grid Code, the Distribution Code, the Metering Code and the Single Electricity Market Trading and Settlement Code) with the relevant person to whose affairs such confidential information relates.

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7. Without prejudice to the other provisions of this Condition, the Licensee shall procure that any additional copies made of the confidential information, whether in hard copy or computerised form, will clearly identify the confidential information as confidential.
8. The Licensee shall take all reasonable measures to prevent (so far as the Licensee can so require) any person who is or ceases to be employed by the Licensee, whether that person is or was employed part-time or full time in the Transmission System Operation Business, from disclosing confidential information.
9. The Licensee shall take all reasonable steps to ensure that every authorised adviser, consultant, director or member of staff to whom the Licensee discloses confidential information does not use that confidential information for any purpose other than that for which it was provided and does not disclose that confidential information otherwise than in accordance with the provisions of this Condition and pursuant to Regulation 49 (Prohibition on unauthorised disclosure of information) of SI 445 of 2000.
10. This Condition is without prejudice to the duties at law of the Licensee towards outside persons.
11. The provisions of this Condition inserted (or, as the case may be, removed) by virtue of decision of the Commission dated 10 March 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 Commission may by direction appoint. Different days may be so appointed for different provisions and for different purposes.

12. In this Condition:

"authorised adviser" means such professional advisers of the Licensee, engaged and acting in that capacity, as require access to any confidential information;

"authorised recipient" means, in relation to any confidential information, any employee who, before the confidential information had been divulged to him by the Licensee, had been informed of the nature and effect of this Condition and who requires access to such confidential information for the proper performance of his duties as an employee in the course of permitted activities;

"confidential information" means any commercially sensitive information held and/or obtained by the Licensee in the discharge of its functions as Transmission System Operator under the Act, SI 445 of 2000, SI 60 of 2005, the System Operator Agreement, the Infrastructure Agreement and this Licence.

"commercially sensitive information" means any matter the disclosure of which would materially prejudice the interests of any person.

"permitted activities" means the activities directly connected with the discharge by the Licensee of its functions as Transmission System Operator pursuant to this Licence.

"member of staff" means an employee of the Licensee;

"cooling-off period" means a period of time during which a member of staff is not actively engaged in any work of the Licensee which requires access to confidential information which could potentially result in an unfair commercial advantage.

Condition 21A Compliance and Assurance Officer

1. The Licensee shall, in conjunction with the Northern Ireland System Operator-, and following consultation with the Commission, appoint a competent person who is a senior member of either its personnel or the personnel of the Northern Ireland System Operator (the "Compliance and Assurance Officer"), acting on behalf of both the Licensee and the Northern Ireland System Operator, for the purpose of verifying the Licensee's compliance with its obligations under Conditions 17, 21 and 23, and to provide independent assurance of such verifications.
2. The Licensee shall ensure that the Compliance and Assurance Officer is independent and has access to such staff, premises, systems, information, documentation, equipment, facilities and other resources as he might reasonably expect to require to fulfil the duties and tasks assigned to him.
3. The Licensee shall provide a copy of any complaints received by it in respect of Conditions, 17, 21 and 23 to the Compliance and Assurance Officer as soon as reasonably practicable and in any event within one month of receiving any such complaint.
4. The duties and tasks assigned to the Compliance and Assurance Officer shall include:
 - (a) providing relevant advice and information to the Licensee for the purpose of ensuring its compliance with Conditions 17, 21 and 23;
 - (b) monitoring the Licensee's compliance with Conditions 17, 21 and 23 and providing assurances around this;
 - (c) reviewing the processes followed and ensuring that due process has been applied to the investigation of any complaint or representation received by him or the Licensee from any person in respect of any matter arising under or by virtue of Conditions 17, 21 and 23;
 - (d) recommending and advising on the remedial action which any such investigation has demonstrated to be necessary or desirable; and
 - (e) reporting annually or more often, as reasonably required by the CER, ___ to the directors of the Licensee on his activities during the period covered by the report and the investigations he has conducted. This report shall be prepared and submitted in a form approved by the Commission and shall include the Compliance and Assurance Officer's assessment of the compliance of the Licensee with the requirements of Conditions 17, 21 and 23 as well as an explanation of the practices, procedures and systems adopted to effect compliance with such conditions.
5. The Licensee shall, following consideration of the Compliance and Assurance Officer's Final report and within one calendar month, or such other period agreed by the Commission, provide a copy of the Compliance and Assurance Officer's annualFinal report, together with its response to that report to the Commission.
6. Following approval of the Compliance and Assurance Officer's Final report by the Commission, the Licensee shall publish it and any part of its response to the report specified by the Commission on its website once directed to do so by the Commission.

Coming into Effect

7. The provisions of this Condition (other than those of this paragraph which shall come into immediate effect) shall come into effect on such day, and subject to such

transitional arrangements, as the Commission may by direction appoint. Different days may be so appointed for different provisions and for different purposes

Condition 22 Separate Accounts for Separate Businesses

1. The Licensee shall prepare annual accounts in accordance with Regulation 27 (Unbundling of accounts of electricity undertakings) of SI 445 of 2000 and shall deliver to the Commission a copy of the annual audited accounts so prepared as soon as reasonably practicable, and in any event no later than four months after the end of the period to which the accounts relate.
2. Without prejudice to paragraph 1, the Licensee shall, in its internal accounting, keep or cause to be kept accounts for the Transmission System Operator's Business as a whole which when requested from time to time by the Commission, must be delivered to the Commission in the form and at the times specified by the Commission. The accounts shall be in accordance with such regulatory accounting guidelines as may be issued by the Commission from time to time. The accounts shall also be in accordance with any and all directions as are reasonable and appropriate for the purposes of this Condition as the Commission may, from time to time, notify to the Licensee.
3. The regulatory accounting guidelines or directions notified by the Commission to the Licensee under paragraph 2 may, inter alia:
 - (a) specify the form of the accounting statements/records, including but not limited to, profit and loss accounts, balance sheets, recognised gains and losses statements, cash flow statements and statements of the amounts of any revenues, costs, assets, liabilities, reserves or provisions which have been either charged from or to any other business or determined by allocation or apportionment between the consolidated Transmission System Operator's Business and any other business.
 - (b) specify the nature and content of the accounting statements/records, including information on specified types of revenue, cost, asset or liability and information on the revenues, costs, assets and liabilities attributable to specified activities.
 - (c) require any reconciliation that may be required with the annual accounts of the Licensee prepared under the Companies Acts, 1963 to 2001.
 - (d) specify the accounting principles (including the basis for the allocation of costs) and the bases of valuation to be used in preparing accounting statements/records.
4. The Licensee shall not, in relation to the accounting statements in respect of a financial year, change the basis of charge, apportionment or allocation from those applied in respect of the previous financial year, unless the Commission shall previously have issued directions for the purposes of this Condition directing the Licensee to change such basis in a manner set out in the directions or the Commission gives its prior written approval to the change in such basis.
5. The Licensee shall comply with any directions issued by the Commission for the purposes of this Condition.

Condition 23 Prohibition of Subsidies and Cross-subsidies

1. The Licensee shall procure that the Transmission System Operator Business shall not give any subsidy or cross-subsidy (direct or indirect) to any Separate Business of the Licensee and/or any affiliate or related undertaking of the Licensee.
2. For the purposes of this Condition, the Commission shall determine whether or not subsidisation or cross-subsidisation is taking place. Where the Commission determines that a subsidy or cross-subsidy is taking place, the Commission may issue a direction to that effect and require the cessation of same.
3. Nothing which the Licensee is obliged or permitted to do or not do pursuant to this Licence shall be regarded as a subsidy or cross-subsidy for the purposes of this Condition.

Condition 24 Payment of Levy

1. The Licensee shall pay to the Commission any amounts specified in, or determined under, a Levy Order, in accordance with the provisions of such Levy Order.

2. In this Condition:

"Levy Order" means an Order made by the Commission under paragraph 16 of the Schedule to the Act.

Condition 25 Public Service Obligation

1. The Licensee shall comply with any public service obligation imposed on it by the Commission pursuant to Section 39 (Public service obligations) of the Act.

Condition 26 Provision of Information

1. The Licensee shall furnish to all those using and seeking to use the transmission system the information they need, on a timely basis, for efficient access to the transmission system.
2. The Licensee shall furnish to other interconnected system operators, in such manner and at such times as may be reasonably required, such information as may reasonably be required by other system operators in order to ensure the secure and efficient operation, co-ordinated development and inter-operability of the interconnected systems.
3. The Licensee shall furnish to the Distribution System Operator, in such manner and at such times as may be reasonably required, such information as may reasonably be required by the Distribution System Operator in order to ensure the secure and efficient operation, co-ordinated development and inter-operability of the transmission and distribution systems.
4. The Licensee shall furnish to the Transmission System Owner, in such manner and at such times as may be reasonably required, such information as may be reasonably required by the Transmission System Owner in order for it to carry out its licensed activities under SI 445 of 2000, SI 60 of 2005, the Act and the Infrastructure Agreement.
5. The Licensee shall furnish to the Market Operator Licensee, in such manner and at such times as may be reasonably required, such information as may be reasonably required by the Market Operator Licensee in order for it to carry out its licensed activities under the Act, the Single Electricity Market Trading and Settlement Code and the market operator licence held by the Market Operator Licensee.
6. For the purposes of this Condition, the Commission shall decide on any difference or dispute between the Licensee and any other party and the Commission shall issue a direction regarding its decision, as it sees fit, regarding the matter in dispute and the Licensee shall comply with such direction.

Condition 27 Provision of Information to the Commission

1. The Licensee shall procure and furnish to the Commission, in such form and at such times as the Commission may require, such information as the Commission may consider relevant in the light of the Conditions of this Licence or as it may require for the purpose of performing the functions assigned or transferred to it by or under the Act, SI 445 of 2000 or SI 60 of 2005.
2. The power of the Commission to call for information under paragraph 1 is without prejudice to the power of the Commission to call for information under or pursuant to any other Condition of this Licence or under or pursuant to the Act, SI 445 of 2000 or SI 60 of 2005.
3. In this Condition "**information**" means oral or written and shall include, without limitation, any books, documents, records, accounts (statutory or otherwise), estimates, returns or reports of any description (whether or not in electronic or any other format, or prepared specifically at the request of the Commission) requested by the Commission and any explanations (oral or written) in relation to such information as may be requested by the Commission.
4. The information shall be to a level of audit as may be required by the Commission from time to time.
5. This information may include (without limitation):
 - (a) Demand forecasts;
 - (b) Consumption details;
 - (c) System Demand profiles.
6. The Commission may publish any information provided to the Commission under this Licence. In exercising its discretion under this Condition, the Commission shall have regard to the need to protect confidential information.

Condition 28 Code of Conduct

1. In accordance with Regulation 57 of SI 445 of 2000, the Licensee shall prepare a code of conduct, for approval by the Commission, which shall apply to every director and to every person employed by EirGrid under a contract of employment.
2. The Licensee shall ensure that the code of conduct be included as part of every contract of employment with EirGrid.

Condition 29 Grid Code

1. The Licensee, in consultation with electricity undertakings and the Northern Ireland System Operator, to the extent such persons are liable to be materially affected thereby, shall adopt and at all times have in force and shall implement and comply with a Grid Code in accordance with the provisions of Section 33 (Preparation of a Grid Code and a Distribution Code) of the Act.
2. The Licensee shall comply with all directions given by the Commission in relation to the Grid Code.
3. The Grid Code shall, in respect of the transmission system, be designed so as to:
 - (a) permit the development, maintenance and operation of an efficient, co-ordinated and economical system for the transmission of electricity in the Republic of Ireland as part of efficient, co-ordinated and economical systems for the transmission of electricity on the Island of Ireland;
 - (b) facilitate the transmission system being made available to persons authorised to supply or generate electricity in the Republic of Ireland, on terms which neither prevent nor restrict competition in the supply or generation of electricity on the Island of Ireland; and
 - (c) subject to sub-paragraphs (a) and (b), facilitate the security and efficiency of the electricity generation, transmission and distribution system in the Republic of Ireland as a whole.

Condition 30 Distribution Code

1. The Licensee shall comply with the provisions of the Distribution Code, insofar as applicable to it.

Condition 31 Compliance with Laws and Directions

1. The Licensee shall comply with the Act, SI 445 of 2000, SI 60 of 2005, the Single Market Regulations, the Infrastructure Agreement, the System Operator Agreement and the Conditions of this Licence and all relevant EU laws.
2. For the purposes of SI 445 of 2000, SI 60 of 2005, the Act, the Single Market Regulations, the Infrastructure Agreement, this Licence and/or the Transmission System Owner's licence, the Commission shall issue a direction on any dispute between the Transmission System Operator and the Transmission System Owner and the Licensee shall comply with such direction.
3. The Licensee shall comply with any requirements, directions or determinations made by the Commission pursuant to the Act, SI 445 of 2000, SI 60 of 2005, the Single Market Regulations, the System Operator Agreement, the Infrastructure Agreement or this Licence.
4. Any costs associated with compliance with this Condition shall be the responsibility of the Licensee.
5. The Licensee shall monitor and keep a record of its compliance with this Licence.

Condition 32 Environment

1. The Licensee shall comply with all applicable European Union and Irish Environmental Laws whether in force at the date hereof or in the future and also with any direction given to it from time to time by the Commission in pursuance to the Commission's duty under Section 9(5)(a) of the Act to take account of the protection of the environment.
2. The Licensee shall, not later than such date as the Commission may specify and in consultation with the Commission, prepare and from time to time modify a written policy setting out the manner in which the Licensee proposes to comply with its duties and obligations under all applicable European Union and Irish Environmental Laws and any direction issued to it under this Condition.
3. The Licensee shall report annually to the Commission on its environmental performance in such form and at such times as the Commission may specify.
4. For the purposes of this Licence, "**Environmental Laws**" means those laws which are from time to time in force whose purpose is the protection of the environment including the protection of human health, flora, fauna and the eco-systems on which they depend, and for the avoidance of doubt shall include but shall not be limited to the Environment Protection Act, 1992, the Waste Management Act, 1996 and all relevant legislation relating to the assessment of environmental impacts, and the protection of air, land and water.

Condition 33 Health and Safety

1. The Licensee shall take all reasonable steps to protect persons and property from injury and damage that may be caused by the Licensee when carrying out the Transmission System Operation Business.
2. The Licensee shall ensure that a technical and safety audit is undertaken in respect of the transmission system annually by an independent expert whose appointment is approved by the Commission.
3. The Licensee shall provide the results of such audits carried out in a timely manner to the Commission.