DECISION ON MODIFICATIONS TO THE ELECTRICITY INTERCONNECTOR OPERATOR LICENCE
Executive Summary

The Integrated Single Electricity Market (I-SEM) is due to go-live on 23 May 2018 and aims to maximise the efficient use of interconnection and facilitate greater cross-border electricity trade through day-ahead and intra-day market coupling. The I-SEM project spans the wholesale electricity markets in Ireland and Northern Ireland. The Commission for Regulation of Utilities (CRU) in Ireland and the Utility Regulator (UR) in Northern Ireland, also referred to as the Regulatory Authorities (RAs), have been working alongside EirGrid Plc and SONI Ltd to develop the I-SEM, under the governance of the SEM Committee (SEMC).

In order to give effect to the I-SEM, as contained in decisions of the SEM Committee, a number of modifications are necessary to various categories of licences, including Generation Licences, Supply Licences, Market Operator (MO) Licences, Transmission System Operator (TSO) Licences and Interconnector Licences. Such modifications consist of changes to existing licence conditions as well as the introduction of new licence conditions.

On 15 December 2017, pursuant to sections 19 and 20 of the Electricity Regulation Act 1999 (the Act), the CRU issued a statutory notice\(^1\) and an Information Paper (CRU/17/334) proposing a number of modifications to the Interconnector Licence, granted to EirGrid Interconnector Designated Activity Company (EIDAC) pursuant to Section 14(1)(i) of the Act. A marked up and clean version of EIDAC’s Interconnector licence reflecting the proposed modifications were also published. A similar process for licence modifications was conducted by the UR in Northern Ireland in respect of the Moyle Interconnector Licence.

A summary of the types of proposed licence modifications is presented below:

- Modifications to reflect the change in the name of the licence holders
- Modifications to amend previous oversights (such as missing definitions for terms used in the licence)
- New (and modified) definitions required for I-SEM (such as ancillary services, CACM Regulation, Financial Transmission Rights, etc.)

\(^1\) In accordance with Section 20 of the Act, the Statutory Notice was published in the Irish Times and Belfast Gazette.
• Align specific licence requirements with new EU regulations and ISEM arrangements (i.e. requirements related to capacity utilisation requirements, dispute resolution, provision of information to various categories of users)
• Changes to licence conditions relating to EIDAC’s revenue streams to reflect new sources of potential income and ensure that these are captured within the scope of the relevant licence conditions
• Amendments to the prohibited activities licence condition to provide a mechanism for EIDAC to obtain written consent from the CRU for certain trading activity
• An obligation on the licensee to sign up to and comply with the Capacity Market Code insofar as applicable to it
• Amendments to the dispute resolution process to reflect the fact that disputes will be subject to the provisions of the Harmonised Allocation Rules
• New paragraphs have been introduced in some licence conditions to provide for the CRU to determine the date and, if required, the transitional arrangements, for the amendments of those conditions to come into effect

A summary of the proposed modifications to the Interconnector Licence and rationale for same, is enclosed in Annex 1 of this paper. Further detail on the proposed modifications, together with the track-changed version of the proposed modifications, can be found in Information Paper CRU/17/334.

The window for objections or representations closed on 17 January 2018. The CRU received one submission in relation to the proposed licence changes, made by EIDAC, the licence holder. For transparency purposes, a summary of the respondent's comments is included in Section 2 of this Decision Paper. *We ask readers to note that, throughout the paper, the terms “respondent”, “licence holder” and ‘EIDAC’ denote the same party (i.e. EIDAC, the licence holder).*

Having considered the response received, the CRU engaged with the licence holder with a view to gaining a deeper understanding of its comments and provide EIDAC with a further opportunity to discuss their concerns regarding the proposed licence modifications. In light of this discussion, we have made changes to some of the licence modifications set out in CRU/17/334. These are detailed in the relevant sections of this paper. The purpose of the changes is to address some of the issues raised by the respondent and amend typographical errors. The CRU is of the view that the final licence modifications do not
amount to substantive changes from the content and intent of the proposed modifications outlined in the statutory notice published on 15 December 2017.

The purpose of this paper is to outline CRU’s decisions and supporting reasoning in respect of the modifications to EIDAC’s Interconnector Licence. The final licence modifications are reflected in the marked up version of the Interconnector Licence published alongside this paper. The marked up version of the licence indicates changes as compared to the existing licence. For clarity purposes, a clean version of the Interconnector Licence has also been published.

The modifications to EIDAC’s Interconnector Licence as contained in this Decision Paper will each take effect on 21 April 2018.

In accordance with section 22(3) of the Act, the CRU will serve notice of the modifications of the licences on the licence holder, including details of its statutory rights of appeal. The notice of such modifications will also be published in the Irish Times and the Belfast Gazette.

Finally, the CRU in Ireland and the UR in Northern Ireland have shared the responses received with respect to the statutory consultations in both jurisdictions, on this tranche of proposed licence changes to implement I-SEM. The regulatory reasoning behind the decisions set out in this paper takes into account the content of all responses received by the CRU and the UR.
Public/ Customer Impact Statement

The Single Electricity Market (SEM) is the wholesale electricity market for the island of Ireland. It is jointly regulated by the Commission for Regulation of Utilities (CRU) (Ireland) and the Utility Regulator (Northern Ireland). The decision-making body which governs the market is the SEM Committee (SEMC).

The SEM is undergoing significant change. EU legislation is driving the coming together of energy markets across Europe with the aim of creating a single and fully liberalized EU-wide wholesale electricity market. The implementation of these common EU guidelines will allow electricity and gas to be traded freely across the EU.

The SEM Committee is proceeding with a process to arrive at an EU compliant solution for SEM. This solution is known as I-SEM. The aim is to ensure that Ireland can obtain the benefits of EU electricity integration in a compliant manner and maintain as far as possible the positive aspects of SEM. I-SEM will deliver increased levels of competition which should help put a downward pressure on prices as well as encouraging greater levels of security of supply and transparency. In order to give effect to the I-SEM, as provided for in Decisions of the SEM Committee, the CRU issues a decision on changes to the Interconnector Licence, held by EirGrid Interconnector Designated Activity Company (EIDAC).

This document is most likely to be of interest to EIDAC, as well as other market participants.
Contents

Glossary of Terms and Abbreviations .............................................................................................................. 7
1. Introduction .................................................................................................................................................. 8
   1.1 Background to proposed modifications ................................................................................................. 8
   1.2 Purpose of the document ....................................................................................................................... 9
   1.3 Structure of the document ..................................................................................................................... 9
   1.4 Overview of responses to the proposed licence modifications ............................................................... 9
   1.5 Related documents ................................................................................................................................ 10
2. Decision on proposed modifications to the Interconnector Licence .......................................................... 11
   2.1 Name of Licence Holder ......................................................................................................................... 11
   2.2 Part II, Section A, Condition 1 – definition of Ancillary Services ....................................................... 11
   2.3 Part II, Section A, Condition 1 – definition of CACM Regulation ....................................................... 12
   2.4 Part II, Section A, Condition 1 - definition of Capacity Market Code ............................................... 12
   2.5 Part II, Section A, Condition 1 - definition of Companies Act ............................................................ 13
   2.6 Part II, Section A, Condition 1 - definition of Electricity Market Regulation ........................................ 13
   2.7 Part II, Section A, Condition 1- definition of FCA Regulation ............................................................ 14
   2.8 Part II, Section A, Condition 1- definition of Financial Transmission Rights ........................................ 14
   2.9 Part II, Section A, Condition 1- definition of Harmonised Allocation Rules ......................................... 16
   2.10 Part II, Section A, Condition 1 - definition of Interconnector Revenue .............................................. 16
   2.11 Part II, Section A, Condition 1 - definition of Licensee ....................................................................... 17
   2.12 Part II, Section A, Condition 1 - definition of Market Operator Licences .......................................... 18
   2.13 Part II, Section A, Condition 1 - definition of Network Codes ............................................................ 18
   2.14 Part II, Section A, Condition 1 - definition of Nominated Electricity Market Operator ............................ 19
   2.15 Part II, Section A, Condition 1 - definition of SEM Trading and Settlement Code ............................. 19
   2.16 Part II, Section A, Condition 6 Compliance with Codes ...................................................................... 19
   2.17 Part II, Section A, Condition 9 Provision of Information to the Transmission System Operator, Distribution System Operator, or Market Operator ........................................................................................................................................... 20
   2.18 Part II, Section A, Condition 10 Central Dispatch and Interconnector Transfers .................................... 21
2.19 Part II, Section A, Condition 11 Ancillary Services ........................................21
2.20 Part II, Section A, Condition 15 Capacity Utilisation .........................................22
2.21 Part II, Section A, Condition 16 Dispute Resolution ...........................................22
2.22 Part II, Section A, Condition 17 Prohibited Activities .........................................23
2.23 Part II, Section A, Condition 18 Restriction on Use of Certain Information
........................................................................................................................................24
2.24 Part II, Section B, Revenue and Third Party Access, Condition 19 Use of Revenues ........................................................................................................................................24
2.25 Part II, Section B, Revenue and Third Party Access, Condition 20 Access to the Licensee’s Interconnector ........................................................................................................................................25
2.26 Part II, Section B, Revenue and Third Party Access, Condition 21 Application of Licence Condition 19 and 20 ........................................................................................................................................27
2.27 Schedule 2: Rights of the Commission to revoke this Licence .................................27
2.28 Other comments ........................................................................................................28

3. Next Steps ......................................................................................................................28

4. Annexes .........................................................................................................................29

Annex 1 ..............................................................................................................................29

Summary of proposed modifications to EIDAC’s Interconnector Licence as set out in CER/17/337 published on 15 December 2017 .........................................................................................................................29
# Glossary of Terms and Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BM</td>
<td>Balancing Market</td>
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<td>BMPCOP</td>
<td>Balancing Market Principles Code of Practice</td>
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<td>CER</td>
<td>Commission for Energy Regulation (Ireland)</td>
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<td>CACM</td>
<td>Capacity Allocation and Congestion Management</td>
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<td>CM</td>
<td>Capacity Market</td>
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<td>CMC</td>
<td>Capacity Market Code</td>
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<td>CRM</td>
<td>Capacity Remuneration Mechanism</td>
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<td>CRU</td>
<td>Commission for Regulation of Utilities (formerly known as Commission for Energy Regulation)</td>
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<td>DSO</td>
<td>Distribution System Operator</td>
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<td>EAI</td>
<td>Electricity Association of Ireland</td>
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<tr>
<td>EIDAC</td>
<td>EirGrid Interconnector Designated Activity Company</td>
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<td>ESB</td>
<td>Electricity Supply Board</td>
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<td>ETA</td>
<td>Electricity Trading Arrangements</td>
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<td>EU</td>
<td>European Union</td>
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<td>FCA</td>
<td>Forward Capacity Allocation</td>
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<td>FTRs</td>
<td>Financial Transmission Rights</td>
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<td>HAR</td>
<td>Harmonised Allocation Rights</td>
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<td>HLD</td>
<td>High Level Design</td>
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<td>I-SEM</td>
<td>Integrated Single Electricity Market</td>
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<tr>
<td>IWEA</td>
<td>Irish Wind Energy Association</td>
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<td>IWFA</td>
<td>Irish Wind Farmers’ Association</td>
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<td>MO</td>
<td>Market Operator</td>
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<td>MW</td>
<td>Mega Watt</td>
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<td>NEMO</td>
<td>Nominated Electricity Market Operator</td>
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<tr>
<td>PES</td>
<td>Public Electricity Supplier</td>
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<tr>
<td>RA</td>
<td>Regulatory Authority</td>
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<td>SEM</td>
<td>Single Electricity Market</td>
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<td>SEMC</td>
<td>Single Electricity Market Committee</td>
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<td>TSC</td>
<td>Trading and Settlement Code</td>
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<tr>
<td>TSO</td>
<td>Transmission System Operator</td>
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<tr>
<td>UR</td>
<td>Utility Regulator (Northern Ireland)</td>
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1. Introduction

1.1 Background to proposed modifications

The Integrated Single Electricity Market (I-SEM) is due to go-live on 23 May 2018 and aims to maximise the efficient use of interconnection and facilitate greater cross-border electricity trade through day-ahead and intra-day market coupling. The Commission for Regulation of Utilities (CRU, formerly the Commission for Energy Regulation or CER) in Ireland and the Utility Regulator (UR) in Northern Ireland, also referred to as the Regulatory Authorities (RAs), have been working alongside EirGrid Plc and SONI Ltd to develop the I-SEM, under the governance of the SEM Committee (SEMC). The SEM Committee has published policy papers on key issues related to the implementation of I-SEM, including:

- I-SEM Roles and Responsibilities
- Energy Trading Arrangements
- Capacity Remuneration Mechanism
- Market Power
- Financial Transmission Rights (FTRs)

SEM Committee papers relevant to these areas, together with other I-SEM related papers, can be found on the SEM Committee website https://www.semcommittee.com/. Information on the CRU’s role and relevant legislation can be found on the CRU’s website www.cru.ie.

The implementation of SEM Committee policy decisions is effected via modifications to various licences (including the Interconnector Licence), new or amended market rules (including the Trading and Settlement Code, the NEMO Exchange Rules and the Capacity Market Code) and other means overseen by the RAs and reflected in new compliance requirements.

In order to implement the required licence modifications, a dedicated licensing team was established within the RAs in 2015. The licensing team commenced the licence modifications process in 2016 and, to date, two sets of licence modifications for TSO and MO licences have been completed. A third tranche of proposed modifications to Generation and Supply licences was conducted in June 2017. The CRU and UR conducted the statutory process of licence modifications in accordance with legislation specific to their jurisdiction.
1.2 Purpose of the document

This paper outlines the CRU's decisions on the modifications to EIDAC’s Interconnector Licence required for the implementation of I-SEM. The final modifications are reflected in the track-changes version of licences published alongside this Decision Paper.

1.3 Structure of the document

The structure of this paper includes the following sections:
- Section 1 provides background to the proposed modifications to the Interconnector Licence and an overview of the response received to the proposed licence modifications
- Section 2 sets out CRU's decisions on the proposed modifications to the Interconnector Licence and reasoning to support same
- Section 3 provides information about next steps

1.4 Overview of responses to the proposed licence modifications

The CRU received one submission to the notice of proposed licence modifications, made by EIDAC, the licence holder. The CRU would like to thank to EIDAC for their comments and feedback. We have taken into account, and considered the representations made by them in forming our decisions on each of the proposed licence modifications. The UR and CRU have collaboratively considered all responses to each respective consultation carefully in the interests of policy-fit, consistency and alignment (as far as is appropriate and necessary) across the two jurisdictions.

There were no objections in respect of the licence modifications proposed by the CRU. The respondent generally welcomed the majority of proposed modifications and noted some concerns for our consideration. The concerns primarily related to three areas:
- The definition of “Financial Transmission Rights” and “Interconnector Revenues”,
- Proposed modifications to Condition 17 Prohibited Activities, and;
- The validity of retaining some of the content of Condition 20 Access to the Licensee’s Interconnector
Subsequent to the publication of the statutory notice, the CRU engaged with the respondent with a view to gaining a deeper understanding of the concerns raised in their response and provide the respondent with an additional opportunity to express views as to how these concerns may be addressed. For transparency, a summary of representation received has been included in this Decision Paper, under relevant headings. In considering the representation received, the CRU has also considered whether sufficient grounds exist to hold a public hearing under section 20(7) (b) of the Act. We do not think such grounds exist, as the submission received were sufficiently clear as to the issues that the respondent wished to raise. Pursuant to section 20(8) of the Act, the CER has notified the respondent of the reasons for the rejection of the representations (which have not been accepted) and the reasons for not holding a public hearing.

1.5 Related documents

Below is a list of documents relevant to this paper.

- Electricity Interconnector Operator Licence;
- CRU approval of the East West Interconnector (EWIC) Access Rules and Charging Methodology Statement 10 November 2017;
- Information Paper Proposed Modifications to the EIDAC Licence CRU 17/334;
- Marked up and clean version of EIDAC’s Interconnector Licence reflecting the proposed modifications;
- Other relevant papers published by the SEM Committee and the RAs in respect of Interconnectors in Ireland and Northern Ireland can be found on www.semcommitee.com, www.cru.ie and www.uregni.gov.uk;
- Information on the CRU’s role and relevant legislation can be found on the CRU’s website at www.cru.ie.
2. Decision on proposed modifications to the Interconnector Licence

This section sets out CRU's decisions on proposed modifications to EIDAC’s Interconnector licence. The proposed modifications together with supporting rationale were detailed in Information Paper CRU/17/334. The final modifications are outlined in the track-changes version of the Interconnector Licence published alongside this Decision Paper.

2.1 Name of Licence Holder

(a) Summary of proposed modifications
The proposed modification was to reflect the change in name of the licence holder, from ‘Eirgrid Interconnector Limited’ to ‘Eirgrid Interconnector Designated Activity Company’. The conversion to EIDAC took place in August 2016, pursuant to the Companies Act, 2014.

(b) Summary of responses
The licence holder agreed with the proposed modification as it updates the licence to align with the change in name of the licence holder.

(c) CRU's decision
The CRU’s decision is to modify the Interconnector licence to reflect the correct name of the licence holder - Eirgrid Interconnector Designated Activity Company (EIDAC).

2.2 Part II, Section A, Condition 1 – definition of Ancillary Services

(a) Summary of proposed modifications
It was proposed to expand the definition of “Ancillary Services” to include services in addition to those set out in the Grid Code, as required by the CRU from time to time.

(b) Summary of responses
The licence holder welcomed the modification and confirmed that the current definition of “Ancillary Services” is not inclusive of all the services provided by the Licensee.

(c) CRU’s decision
The CRU’s decision is to modify the Interconnector licence to include services in addition to those set out in the Grid Code, as required by the CRU from time to time.
Should the CRU decide to expand the definition of “Ancillary Services”, the CRU will notify SEMC and the UR in advance of making any such change. This will give the UR and the SEMC adequate time to consider any change that the CRU proposed to make, and whether there were any wider consequences arising from the change which need to be addressed.

2.3 Part II, Section A, Condition 1 – definition of CACM Regulation

(a) Summary of proposed modifications
It was proposed to introduce a definition for the term CACM Regulation, as proposed modifications to some licence conditions contain reference to the term (e.g. Condition 9 Provision of Information).

(b) Summary of responses
The licence holder agreed with the proposed definition of CACM Regulation and noted that it is consistent with the EirGrid Market Operator Licence.

(c) CRU’s decision
The CRU’s decision is to insert the proposed definition for CACM Regulation in the Interconnector Licence.

2.4 Part II, Section A, Condition 1- definition of Capacity Market Code

(a) Summary of proposed modifications
It was proposed to introduce a definition for Capacity Market Code, as proposed modifications to some licence conditions contain reference to the term (e.g. Condition 6 Compliance with Codes).

(b) Summary of responses
The respondent agreed with the proposed definition.

(c) CRU’s decision
The CRU’s decision is to insert the definition for Capacity Market Code in the Interconnector Licence.
2.5 Part II, Section A, Condition 1 - definition of Companies Act

(a) Summary of proposed modifications
It was proposed to introduce a definition for the Companies Acts, as a number of Conditions refer to this term but it is currently not defined in the Interconnector Licence.

(b) Summary of responses
The respondent agreed with the proposed modification.

(c) CRU’s decision
The CRU’s decision is to introduce the proposed definition for Companies Act in the Interconnector Licence.

2.6 Part II, Section A, Condition 1 - definition of Electricity Market Regulation

(a) Summary of proposed modifications
It was proposed to introduce a definition for Electricity Market Regulation, as proposed modifications to some licence conditions contain reference to this term (e.g. Condition 15 Capacity Utilisation).

(b) Summary of responses
The respondent welcomed the modification. The respondent suggested that, should the CRU decide to retain paragraphs 3 to 18 of Condition 20, then the words “Regulation 714/2009 of the European Parliament and the Council on conditions for access to the network for cross-border exchanges in electricity, or any re-enactment thereof” should be replaced with “the Electricity Market Regulation” for consistency with the modifications made to Conditions 15, 18 and 21.

(c) CRU’s response
The CRU notes the respondent’s suggestions in respect of using “Electricity Market Regulation” in paragraphs 3-18 of Condition 20, in the case that the CRU decides to retain these paragraphs.
(d) CRU’s decision
The CRU’s decision is to introduce the proposed definition for Electricity Market Regulation in the Interconnector licence. Modifications to Condition 20 are set out in section 2.25.

2.7 Part II, Section A, Condition 1- definition of FCA Regulation
(a) Summary of proposed modifications
It was proposed to introduce a definition for FCA Regulation, as proposed modifications to some licence conditions contain reference to this term (e.g. Condition 16 Dispute Resolution).

(b) Summary of responses
The licence holder welcomed the modification.

(d) CRU’s decision
The CRU’s decision is to introduce the proposed definition for FCA Regulation in the Interconnector Licence.

2.8 Part II, Section A, Condition 1- definition of Financial Transmission Rights
(a) Summary of proposed modifications
It was proposed to introduce a definition for Financial Transmission Rights (FTRs), as the proposed modification to Condition 15 (Capacity Utilisation) contains reference to this term, to ensure that these new arrangements can be appropriately described and scoped in the Interconnector Licence.

(b) Summary of responses
The licence holder noted the proposed definition for FTRs, and that the term is also used in the proposed definition for Interconnector Revenue. In agreeing with the legal drafting of the proposed definition and acknowledging that financial rights have been agreed for I-SEM, EIDAC commented that the situation may change in the future. In light of this possibility, EIDAC was of the strong view that the definition for “Financial Transmission Rights” should be replaced with a definition for “Long Term Transmission Rights”, to encompass both financial and physical transmission rights. This, in EIDAC’s view, would constitute a sensible
approach as it would future proof the Interconnector Licence and avoid the need for future consultation. Finally, the respondent stated that the proposed change will have no impact on Interconnector users and also suggested the following definition for Long Term transmission Rights: “has the meaning given to it in Article 2 of the FCA Regulation”.

(c) CRU's response

In the **High Level Design of the I-SEM market**, it was determined that physical trading of energy would not take place before the day ahead market (DAM) and that the Interconnector Owners would offer long-term transmission rights in the form of Financial Transmission Rights (FTRs), which would enable market participants to manage forward spatial hedging between markets. This determination is consistent with the EU regulation in this area, namely the Forward Capacity Allocation (FCA) Regulation (2016/1719).

The rules governing the market arrangements for the trading of FTRs stem from the Forward Capacity Allocation (FCA) Regulation. The various methodologies outlined in the FCA are currently being formulated by Regulatory Authorities and Transmission System Operators across the European Union. As FTRs are by their very nature a tool to facilitate trade between markets, the European rules governing their design are regional. The regional design of these rules is outlined in Article 31 of the FCA Regulation which refers to Long Term Transmission Rights (LTTRs). LTTRs include both PTRs and FTRs. This reflects that fact that either form of transmission rights can be introduced. As set out above, in the I-SEM a decision has been taken that long term transmission rights will be in the form of FTRs. The CRU acknowledges that this position could change at some point in the future such that PTRs could exist in the I-SEM. As such, the CRU accepts the proposed variation to the definition although it would highlight that this change does not preclude the potential (if not likely) need for additional regulatory change at the relevant time should FTRs be replaced with PTRs.

As is pointed out by the respondent to the consultation, Article 2 of the FCA Regulation defines LTTRs as follows; “*long-term transmission right’ means a physical transmission right [PTR] or a FTR — option or a FTR — obligation acquired in the forward capacity allocation;”

(d) CRU’s decision

The CRU has decided to delete the definition of FTRs from the licence and instead insert a definition of LTTRs based on the definition provided in Article 2 of the FCA. In light of the above decision, references to FTRs throughout the licence will be replaced with a reference to LTTRs, as defined in Section A of the licence.
2.9 Part II, Section A, Condition 1- definition of Harmonised Allocation Rules

(a) Summary of proposed modifications
It was proposed to introduce a definition for Harmonised Allocation Rules, as the proposed modifications to Condition 16 (Dispute Resolution) contains reference to this term, to ensure that these new arrangements can be appropriately described and scoped in the Interconnector Licence.

(b) Summary of responses
In agreeing with the modification, the respondent noted that the definition was not identical to the official title of the Allocation Rules and suggested the following alternative text: “Harmonised allocation rules for long term transmission rights in accordance with Article 51 of the FCA Regulation”.

The respondent further stated that Regulation 52 should not be referenced as it is not in the official title of the rules and also because Article 51 of the FCA Regulation contains the enabling provision requiring the harmonised allocation rules to be prepared.

(c) CRU’s response
The CRU notes the respondent’s comments. The proposed definition was not intended to align with the official title of the Allocation Rules but rather the definition given to the term in the rules itself (in Recital 1). The CRU agrees that the definition does not need to reference Article 52 of the FCA Regulation (in addition to Article 51 as Article 51 cross refers to the requirements of Article 52).

(d) CRU’s decision
The CRU’s decision is to introduce the definition as proposed, with deletion of the words “and 52”.

2.10 Part II, Section A, Condition 1- definition of Interconnector Revenue

(a) Summary of proposed modifications
It was proposed to insert a new definition for the term Interconnector Revenue as this term is referred to in other licence conditions e.g. Condition 19 Use of Revenues.
(b) Summary of responses
The respondent considered that the definition for Interconnector Revenue is “sufficient to allow the ability for all system services to be included”. The respondent partially agreed with the proposed definition for Interconnector Revenue and was of the view that, in the proposed definition for Interconnector Revenue, the term “Financial Transmission Rights” should be replaced by “Long Term Transmission Rights”. The rationale underpinning this view is set out in section 2.8. Finally, a suggestion was made to include the word “the” before “CACM Regulation”.

(c) CRU’s response
Having considered the suggestions submitted by the respondent, the CRU has decided to update the reference to FTRs in this defined term so that it refers instead to LTTRs. The detailed rationale for this decision is set out in section 2.8. The CRU notes the omission of the word “the” before “CACM Regulation” as a typographical error which should be corrected.

(d) CRU’s decision
The CRU’s decision is to introduce the definition with two minor changes i) reference to FTR shall be to LTTR; and ii) include the word “the” before “CACM Regulation”.

2.11 Part II, Section A, Condition 1- definition of Licensee

(a) Summary of proposed modifications
It was proposed to amend the definition of Licensee to reflect the change in the name of the licence holder, from Eirgrid Interconnector Limited’ to ‘Eirgrid Interconnector Designated Activity Company’ (EIDAC).

(b) Summary of responses
The respondent agreed with the proposed modification.

(c) CRU’s decision
The CRU’s decision is to modify the definition for Licensee to reflect the correct name of the licence holder, from ‘Eirgrid Interconnector Limited’ to ‘Eirgrid Interconnector Designated Activity Company’ (EIDAC).
2.12 Part II, Section A, Condition 1- definition of Market Operator Licences
(a) Summary of proposed modifications
It was proposed to delete the definition for Market Operator Licences, as the term is not used anywhere in the Licence.

(b) Summary of responses
The respondent agreed with the proposed modification.

(c) CRU’s decision
The CRU’s decision is to remove the definition for Market Operator Licence from the Interconnector Licence.

2.13 Part II, Section A, Condition 1- definition of Network Codes
(a) Summary of proposed modifications
It was proposed to introduce a definition for the term Network Codes as proposed modifications to some conditions in the Interconnector Licence contain reference to this term (e.g. Condition 15 Capacity Utilisation).

(b) Summary of responses
The respondent agreed with the proposed modification and highlighted a minor grammatical error (i.e. inclusion of a semi-colon at the end of the definition).

(d) CRU’s decision
The CRU’s decision is to introduce the proposed definition for Network Codes in the Interconnector Licence. The minor grammatical error has been rectified.
2.14 Part II, Section A, Condition 1 - definition of Nominated Electricity Market Operator

(a) Summary of proposed modifications
It was proposed to introduce a definition for the term Nominated Electricity Market Operator (NEMO) as proposed modifications to some conditions in the Interconnector Licence contain reference to this term (e.g. Condition 9 Provision of Information).

(b) Summary of responses
The respondent agreed with the proposed modification.

(c) CRU’s decision
The CRU’s decision is to introduce the proposed definition for NEMO.

2.15 Part II, Section A, Condition 1 - definition of SEM Trading and Settlement Code

(a) Summary of proposed modifications
It was proposed to amend the definition of SEM Trading and Settlement Code to refer to the specific relevant section in the Act. Presently, the definition refers to s9 of the Act, whereas the SEM Trading and Settlement Code is developed pursuant to s 9BA (1) of the Act.

(b) Summary of responses
The respondent agreed with the proposed modification.

(c) CRU’s decision
The CRU’s decision is to amend the definition of SEM Trading and Settlement Code to refer to the relevant section in the Act.

2.16 Part II, Section A, Condition 6 Compliance with Codes

(a) Summary of proposed modifications
It was proposed to add a new requirement requiring the Licensee to be party to and comply with the Capacity Market Code, insofar as applicable to it. It was also proposed to add the Capacity Market Code as one of the Codes that the licence holder is required to report to the CRU in terms of compliance.
(b) Summary of responses
The respondent agreed with the proposed modification.

(c) CRU’s decision
The CRU’s decision is to introduce a new requirement obligating the licence holder to be party to and comply with the Capacity Market Code, insofar as applicable to it. The CRU has also decided to add the Capacity Market Code as one of the codes that the licence holder is required to report to the CRU in terms of compliance.

2.17 Part II, Section A, Condition 9 Provision of Information to the Transmission System Operator, Distribution System Operator, or Market Operator

(a) Summary of proposed modifications
The proposed modifications were aimed at extending the categories of entities to whom the Interconnector would be obligated to furnish information, by including NEMOs and any transmission system operators licensed in the EU. This has been reflected in changes to the title of the condition. It was also proposed to increase the granularity of the information furnished by the Licensee to include information concerning capacity and constraints of the Licensee’s Interconnector.

(b) Summary of responses
The respondent agreed with the proposed modification.

(c) CRU’s decision
The CRU’s decision is to modify this licence condition to include NEMOs and any transmission system operators in the category of entities to whom the licence holder is required to furnish information. The CRU has also decided to obligate the licence holder to include information regarding capacity and constraints of the licensee’s Interconnector in the information provided.
2.18 Part II, Section A, Condition 10 Central Dispatch and Interconnector Transfers

(a) Summary of proposed modifications
It was proposed to amend the condition, including its title, to refer to ‘scheduling and dispatch’ rather than ‘central dispatch’. A further modification was proposed to paragraph 1 to obligate the Licensee to have appropriate arrangements in place to ensure that all interconnector transfers for scheduling and dispatch are submitted in accordance with the SEM Trading and Settlement Code, as this will be its role in the I-SEM.

(b) Summary of responses
The respondent agreed with the proposed modification.

(c) CRU’s decision
The CRU’s decision is to amend this licence condition, including its title, to refer to “scheduling and dispatch”. The CRU has also decided to amend paragraph 1 to obligate the licence holder to have appropriate arrangements in place to ensure that all interconnector transfers for scheduling and dispatch are submitted in accordance with SEM Trading and Settlement Code.

2.19 Part II, Section A, Condition 11 Ancillary Services

(a) Summary of proposed modifications
It was proposed to modify paragraph 1 to enable the CRU to direct the Licensee to facilitate the provision of ancillary services above the minimum requirements set out in the Grid Code.

(b) Summary of responses
In agreeing with the proposed modification, the respondent noted that an “interconnector user”, as referenced in paragraph 1 of Condition 11, will not exist in I-SEM.

(c) CRU’s decision
The CRU has decided to modify this condition to enable the CRU to direct the Licensee to facilitate the provision of ancillary services above the minimum requirements set out in the Grid Code.

As noted above, should the CRU decide to expand the definition of “Ancillary Services”, the CRU will notify SEMC and the UR in advance of making any such change. This will give the
UR and the SEMC adequate time to consider any change that the CRU proposed to make, and whether there were any wider consequences arising from the change which need to be addressed.

2.20 Part II, Section A, Condition 15 Capacity Utilisation

(a) Summary of proposed modifications
The proposed modifications in paragraph 1 was to amend the condition so that the Licensee’s obligation to make available the maximum capacity of the interconnector in compliance with safety standards is stipulated as being “as set out in any of the Network Codes and the Electricity Market Regulation”.

It was also proposed to amend Paragraph 2 to obligate the Licensee to make available arrangements for the auctioning of FTRs, as required under legislation.

(b) Summary of responses
The respondent agreed with the proposed modification.

(c) CRU’s decision
The CRU’s decision is to amend this condition so that the licence holder’s obligation to make available the maximum capacity of the interconnector is “as set out in any of the Network Codes and the Electricity Market Regulation”. In addition, paragraph 2 is amended to obligate the licence holder to make available arrangements for the auctioning of LTTRs, as required under legislation. The term “financial transmission rights”, as originally proposed in this condition, is to be replaced with “long term transmission rights”, to reflect the CRU’s decision detailed in section 2.8.

2.21 Part II, Section A, Condition 16 Dispute Resolution

(a) Summary of proposed modifications
The proposed modification gives precedence to the dispute resolution process contained within the Harmonised Allocation Rules (HAR) over the existing dispute provisions in circumstances where the HAR provisions are engaged. This reflects the new arrangements from I-SEM Go Live.

(b) Summary of responses
The respondent agreed with the proposed modification.
(c) CRU’s decision
The CRU’s decision is to modify this licence condition to give precedence to the dispute resolution process contained in the HAR over the existing dispute provisions where the HAR provisions are engaged. This is to reflect the new arrangements from ISEM Go Live.

2.22 Part II, Section A, Condition 17 Prohibited Activities
(a) Summary of proposed modifications
It was proposed to modify paragraph 1 to allow the Licensee to engage in the listed prohibited activities (engage in the generation, trading or supply of electricity on the island of Ireland) where explicit written consent has been granted by the CRU.

(b) Summary of responses
The respondent was of the view that the additional wording proposed by CRU should be followed by “or save where permissible at law”. EIDAC considered that any requirement under any of the Network Codes which allows such activities would be permitted, as they would supersede the licence.

(c) CRU’s response
The CRU does not agree with EIDAC’s representations. In particular, it does not follow that if a certain activity was permitted under an EU Network Code (as opposed to mandated) that it must also be permitted under licence.

The proposed modification is designed to introduce a specific mechanism to permit the Licensee to engage in otherwise prohibited activity where it is considered appropriate to do so. This would include circumstances in which EU Network Codes required certain activities to be permitted.

(d) CRU’s decision
The CRU’s decision is to amend the licence condition as proposed, to permit the Licensee to engage in prohibited activity where explicitly permitted to do so by the Commission.
2.23 Part II, Section A, Condition 18 Restriction on Use of Certain Information

(a) Summary of proposed modifications
It was proposed to amend paragraph 1 and 4(b)(i) to include updated and accurate references to the sources of the obligations placed on the Licensee in respect of restrictions on use of information. It was also proposed to update paragraph 4(c) to refer to the Capacity Market Code in the list of arrangements under which the Licensee may be expressly permitted or required to disclose that information.

(b) Summary of responses
The licence holder agreed with the proposed modification.

(c) CRU’s decision
The CRU’s decision is to amend this licence condition to include the sources of the obligations placed on the licence holder in respect of restrictions on use of information. The CRU has further decided to include the Capacity Market Code on the list of arrangements under which the licence holder may be expressly permitted to or required to disclose that information.

2.24 Part II, Section B, Revenue and Third Party Access, Condition 19 Use of Revenues

(a) Summary of proposed modifications
It was proposed to amend paragraphs 1 and 2 to refer to the new defined term of “Interconnector Revenues”, so as to capture sources of revenue other than those already set out in the condition. A further amendment to paragraph 2 was proposed to create the potential for Interconnector Revenues to be used for such purposes as may be directed by the CRU from time to time, as well as for the two existing acceptable purposes already stated in the condition which are to be retained.

It was further proposed to extend the timelines for the submission of the revenues statement from the 1st of July to the 14th of July each year, in order to enable the licence holder to provide more accurate information in respect of the use of revenues.
(b) Summary of responses
In agreeing with the proposed modifications, the licence holder reiterated their view that in the proposed definition for Interconnector Revenue, the term “Financial Transmission Rights” should be replaced by “Long Term Transmission Rights”. The rationale underpinning EIDAC’s view is set out in section 2.8.

(c) CRU’s response
The CRU has decided to update the reference to FTRs in this licence condition so that it refers to LTTRs. The full rationale for this decision is detailed in section 2.8.

(d) CRU’s decision
The CRU’s decision is to proceed with the proposed modifications to this licence condition with the additional change of updating the reference to FTRs to LTTRs.

2.25 Part II, Section B, Revenue and Third Party Access, Condition 20 Access to the Licensee’s Interconnector

(a) Summary of proposed modifications
It was proposed to modify paragraph 1 of this condition to oblige the Licensee to make the capacity of the interconnector available in accordance with arrangements made under CACM, the FCA regulations and their subsidiary methodologies (as well as in compliance with s34 of the Act).

(b) Summary of responses
The respondent agreed with the proposed modifications to paragraph 1 but was of the view that paragraphs 3 to 18 should be deleted, as they have been superseded by the FCA Regulation and, as a matter of European Law, the FCA Regulation takes precedence over the licence. The respondent further argued that, from I-SEM Go Live, the charging methodology will no longer be relevant as capacity will be allocated implicitly, pursuant to the FCA and CACM Regulations. Furthermore, the applicable rules for allocation of capacity after the Go Live date are set out in CACM and FCA Regulations. Paragraphs 3 to 18 set out the basis for the East West Interconnector Access Rules and Charging Methodology. According to the approved and binding SEM-GB HAR regional specific annex, the Access Rules and Charging Methodology only govern access to the interconnector until Go Live date. After that date, as proposed in EIDAC’s consultation, the Access Rules will cease to have any effect, except for settlement of outstanding obligations relating to the period up to
ISEM Go Live. Therefore, in EIDAC’s view, paragraphs 3 to 18 of Condition 20 will not be applicable after the Go Live date and should be deleted.

In noting the transition provision proposed by the CRU, the respondent requested clarity as to whether the intention of the transition provision is to allow for the “switching off” of any of the provisions of Condition 20. Finally, as an alternative to removing paragraphs 3 to 18, the respondent requested clarification that the provisions of Condition 21 apply to paragraphs 3 to 18, as opposed to applying to Condition 20 in its entirety.

(c) CRU’s response
In light of the CRU’s approval of the Interconnector Access Rules and Charging Methodology Statement, as well as the CRU’s approval of the Harmonised Allocation Rules (HAR) SEM-GB Specific Annex, the CRU views the respondent’s assessment to be valid.

The Interconnector Access Rules and Charging Methodology Statement, which were approved by the CRU on 10 November 2017, states that Version 5 of EWIC’s Access Rules will come into effect from I-SEM Go live. Version 5 of the Access Rules reflects the transition from PTRs of the current SEM, to the FTRs of the new SEM arrangements which will be allocated in accordance with the Regional Specific Annex for the borders Great Britain-Ireland and Great Britain-Northern Ireland (SEM-GB). These Harmonised Allocation Rules stem from the FCA Regulation and set out in Articles 51 and 52 of the Regulation, which cover the introduction of HAR and the requirements for their establishment, namely that they follow the principles of non-discrimination and transparency.

(d) CRU’s decision
The CRU’s decision is to modify paragraph 1 of this condition to oblige the Licensee to make the capacity of the interconnector available in accordance with arrangements made under CACM, the FCA regulations and their subsidiary methodologies (as well as in compliance with s34 of the Act).

The CRU has further decided to delete paragraphs 3 to 18 of Condition 20 as the regulatory oversight over the charging methodology statement will no longer be required in the new SEM arrangements. This is due to the fact that FTR charging arrangements will be incorporated in the regional HAR Annex. The CRU is of the view that this modification does not amount to substantive changes from the content and intent of the proposed modifications outlined in the statutory notice published on 15 December 2017.
2.26 Part II, Section B, Revenue and Third Party Access, Condition 21 Application of Licence Condition 19 and 20

(a) Summary of proposed modifications
It was proposed to modify Condition 21 to refer to the new defined term “Electricity Market Regulation”.

(b) Summary of responses
The respondent agreed with the proposed modifications.

(c) CRU’s decision
The CRU’s decision is to modify paragraph 2 of this condition to refer to the term “Electricity Market Regulation.”

2.27 Schedule 2: Rights of the Commission to revoke this Licence

(a) Summary of proposed modifications
It was proposed to modify Schedule 2 to reflect the new section numbers in the Companies Act 2014.

(b) Summary of responses
The respondent agreed with the proposed modifications.

(c) CRU’s decision
The CRU’s decision is to modify Schedule 2 of the Interconnector Licence to reflect the new section numbers in the Companies Act.
2.28 Other comments

The licence holder requested that the CRU clarify an effective date for modifications to the EIDAC licence and expressed a preference that the modifications take effect in advance of the first FTR auction in March 2018. Where this is not feasible, the licence holder requested that they are notified in writing as soon as possible.

CRU’s response

The first FTRs auction is scheduled to be conducted on 1st March 2018. The legal basis for the FTRs auction to take place is the FCA Regulation (which is directly effective) and the Harmonised Allocation Rules / GB-IU Regional Annexes developed under the FCA Regulation. The licence holder is obliged to comply with the FCA Regulation and the Harmonised Allocation Rules / GB-IU Regional Annexes notwithstanding the fact that the licence modifications set out in this decision are yet to take effect.

3. Next Steps

Pursuant to section 22(3) of the Electricity Regulation Act 1999, the CRU will serve a notice of the modifications of the licence on the licence holder, which will include details of their statutory rights of appeal. This notice will also be published in the Irish Times and in the Belfast Gazette. The modifications to the Interconnector Licence as contained in this Decision Paper will take effect on 21 April 2018.
### 4. Annexes

**Annex 1**

**Summary of proposed modifications to EIDAC’s Interconnector Licence as set out in CER/17/337 published on 15 December 2017**

<table>
<thead>
<tr>
<th>Condition</th>
<th>Nature of proposed modification</th>
<th>Reason(s) for proposed modifications</th>
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<tbody>
<tr>
<td>Part I Terms of the Licence (Name of the licence holder)</td>
<td>The proposed modification is to reflect the change in name of the licence holder, from ‘Eirgrid Interconnector Limited’ to ‘Eirgrid Interconnector Designated Activity Company’.</td>
<td>According to the Companies Act 2014 all existing private companies limited by shares had the options of converting to one of the new company types: LTD or a designated activity company (DAC), during a transition period which ended in November 2016. The licence holder opted to convert to a DAC and its name therefore changed to EIDAC. This proposed change is required to reflect that change.</td>
</tr>
<tr>
<td>Section A, Condition 1 Interpretation and Construction</td>
<td>The Interconnector Licence presently envisages EIDAC being required to facilitate the provision of Ancillary Services if requested by the TSO in accordance with the Grid Code. The scope of the substantive obligation is, in effect, defined by the definition of “Ancillary Services”. It is proposed to expand the definition of “Ancillary Services” to include other services as directed by the Commission from time to time.</td>
<td>The Grid Code sets out minimum requirements in terms of the ancillary services that the Interconnector is or will be required to provide. However, the Grid Code does not cover off all services that the Interconnector may provide, such as services in respect of the DS3 programme. Therefore, the Commission considers that it is no longer appropriate to limit the definition to only the services mandated by the Grid Code.</td>
</tr>
<tr>
<td>Section A, Condition 1 Interpretation and Construction</td>
<td>Introduce definition for the term CACM Regulation.</td>
<td>Proposed modifications to other licence conditions refer to the term CACM Regulation, therefore a definition is required.</td>
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<tr>
<td>Section A, Condition 1 Interpretation and Construction</td>
<td>Introduce definition for the term Capacity Market Code.</td>
<td>Proposed modifications to other licence conditions refer to the term Capacity Market Code, therefore a definition is required.</td>
</tr>
<tr>
<td>Section A, Condition 1 Interpretation and Construction</td>
<td>Introduce definition for the term Companies Act.</td>
<td>The term Companies Act appears in the current version of the Interconnector Licence but is not defined anywhere in the licence. The proposed modification intends to rectify this oversight and ensure certainty as to how these provisions should be interpreted.</td>
</tr>
<tr>
<td>Section A, Condition 1 Interpretation and Construction</td>
<td>Introduce definition for the term Electricity Market Regulation.</td>
<td>Proposed modifications to other licence conditions refer to the term Electricity Market Regulation, therefore a definition is required.</td>
</tr>
<tr>
<td>Section A, Condition 1 Interpretation and Construction</td>
<td>Introduce definition for the term FCA Regulation.</td>
<td>Proposed modifications to other licence conditions refer to the term FCA Regulation, therefore a definition is required.</td>
</tr>
<tr>
<td>Section A, Condition 1 Interpretation and Construction</td>
<td>It is proposed to introduce a definition for Financial Transmission Rights, as the proposed modification to Condition 15 (Capacity Utilisation) contains reference to this term.</td>
<td>Proposed modifications to other licence conditions refer to the term Financial Transmission Rights, therefore a definition is required. This is because under the new I-SEM arrangements, no longer will the licensee offer interconnector users physical capacity but will instead move to arrangements whereby Financial Transmission Rights are offered.</td>
</tr>
<tr>
<td>Section A, Condition 1 Interpretation and Construction</td>
<td>It is proposed to introduce a definition for Harmonised Allocation Rules.</td>
<td>Proposed modifications to other licence conditions refer to the term Harmonised Allocation Rules,</td>
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<tr>
<td>Section A, Condition 1 Interpretation and Construction</td>
<td>Introduce definition for the term Interconnector Revenue.</td>
<td>Proposed modifications to other licence conditions refer to the term Interconnector Revenue, therefore a definition is required. Under I-SEM arrangements, the licensee’s revenue streams will change to incorporate new sources (in particular, from Financial Transmission Rights, participation in the Capacity Market and from Ancillary Services). It is proposed, therefore, to introduce a definition for Interconnector Revenues which appropriately covers EIDAC’s various revenue streams in the I-SEM.</td>
</tr>
<tr>
<td>Section A, Condition 1 Interpretation and Construction</td>
<td>Amend the definition of “Licensee”.</td>
<td>As outlined in further detail above, the proposed modification reflects the change in the licensee’s name.</td>
</tr>
<tr>
<td>Section A, Condition 1 Interpretation and Construction</td>
<td>Delete the definition of Market Operator Licence.</td>
<td>The term Market Operator Licence is not used anywhere in the Licence; therefore, a definition is not required.</td>
</tr>
<tr>
<td>Section A, Condition 1 Interpretation and Construction</td>
<td>Introduce definition for the term Network Codes.</td>
<td>Proposed modifications to other licence conditions refer to the term Network Codes, therefore a definition is required. This is so EIDAC’s obligations under the Interconnector Licence adequately refer to the wider sources of its legal obligations under the Electricity Market Regulation and its subsidiary network codes and guidelines.</td>
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<tr>
<td>Section A, Condition 1 Interpretation and Construction</td>
<td>Introduce definition for the term Nominated Electricity Market Operator. As the EU framework envisages NEMOs who are designated in one Member State having the ability to ‘passport’ their service offering into another Member State, this definition should be sufficiently wide to cover both any NEMO designated as such by the RAs in Ireland and Northern Ireland as well as any ‘passing’ NEMO (which have been designated in other Member States).</td>
<td>Proposed modifications to other licence conditions refer to the term Nominated Electricity Market Operator, therefore a definition is required.</td>
</tr>
<tr>
<td>Section A, Condition 1 Interpretation and Construction</td>
<td>Amend the definition of SEM Trading and Settlement Code so that it refers to the specific section of the Act under which the Act is made.</td>
<td>The proposed modification updates the reference to the relevant section in the Act as this is more accurate than the current drafting. The SEM Trading and Settlement Code is defined in the Interconnector Licence by reference to the section of the Act under which it is developed. Presently, the definition refers to s9 of the Act, whereas the SEM Trading and Settlement Code is developed pursuant to s9BA (1) of the Act.</td>
</tr>
<tr>
<td>Section A, Condition 6 Compliance with Codes</td>
<td>Introduce a new requirement requiring the licence holder to be party to and comply with the Capacity Market Code, insofar as applicable to it. It is also proposed to add the Capacity Market Code as one of the Codes that the licence holder is required to report to the Commission in terms of compliance.</td>
<td>Under the new I-SEM arrangements, the Interconnector will be eligible to participate in the Capacity Market. As such, it will be expected to accede to and comply with the Capacity Market Code (insofar as applicable to it). As such, this condition needs to be updated.</td>
</tr>
<tr>
<td>Section A, Condition 9</td>
<td>The proposed modifications extend</td>
<td>The proposed modifications permit</td>
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<tr>
<td>Condition</td>
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<tr>
<td>Provision of Information to the Transmission System Operator, Distribution System Operator, or Market Operator</td>
<td>the categories of entities to whom the Interconnector is obligated to furnish information, by including NEMOs and any transmission system operators licensed in the EU. It is also proposed to increase the granularity of the information furnished by the Licensee to include information concerning capacity and constraints of the Licensee’s Interconnector.</td>
<td>the Licensee to provide information regarding the operation, capacity and constraints of the Interconnector to any person designated to perform the activities of a NEMO and TSOs licensed in the EU.</td>
</tr>
<tr>
<td>Section A, Condition 10 Scheduling and Dispatch and Interconnector Transfers</td>
<td>Amend the condition, including its title, to refer to ‘scheduling and dispatch’ rather than ‘central dispatch’. A further modification is proposed to paragraph 1 to obligate the Licensee to have appropriate arrangements in place to ensure that all interconnector transfers for scheduling and dispatch are submitted in accordance with the SEM Trading and Settlement Code.</td>
<td>The proposed modification to paragraph 1 reflects the I-SEM related changes in processes related to interconnector transfers. The proposed changes in the terminology used in this condition aim to achieve closer alignment with the revised trading arrangements in the I-SEM and consistency with the Grid Code.</td>
</tr>
<tr>
<td>Section A, Condition 11 Ancillary Services</td>
<td>This condition presently requires the Licensee to facilitate the provision of Ancillary Services when requested by the TSO and in accordance with the provisions of the Grid Code. The proposed modification enables the Commission to direct the Licensee to facilitate the provision of ancillary services above the minimum requirements set out in the Grid Code.</td>
<td>The Grid Code sets out minimum requirements in terms of the ancillary services that the Interconnector is required to provide. However, it does not cover off all services that the Interconnector provides or will provide, such as services provided in respect of DS3. Therefore, it is no longer appropriate to limit the definition to only those services mandated in the Grid Code. The proposed modification seeks to provide an enhanced level of flexibility to enable the Commission to direct EIDAC to provide services over</td>
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<tr>
<td>Section A, Condition 15 Capacity Utilisation</td>
<td>Amend condition so that the Licensee’s obligation to make available the maximum capacity of the interconnector in compliance with safety standards is stipulated as being “as set out in any of the Network Codes and the Electricity Market Regulation”. Further amendment to obligate the Licensee to make available arrangements for the auctioning of Financial Transmission Rights, as required under legislation.</td>
<td>Amend condition to reflect the Licensee’s obligations to auction Financial Transmission Rights on its interconnector, under revised trading arrangements in the ISEM.</td>
</tr>
<tr>
<td>Section A, Condition 16 Dispute Resolution</td>
<td>This modification gives precedence to the dispute resolution process contained within the Harmonised Allocation Rules (HAR) over the existing dispute provisions in circumstances where the HAR provisions are engaged. This reflects the new arrangements from I-SEM Go Live.</td>
<td>At I-SEM Go Live, a new dispute resolution process contained within the HAR will come into force. As such, it is proposed that this Condition be modified to make the existing dispute resolution process subject to the new HAR provisions for those disputes which fall within the scope of the HAR.</td>
</tr>
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</table>
| Section A, Condition 17 Prohibited Activities | Modify condition to allow the Licensee to engage in the listed prohibited activities only in specific circumstances provided for in an explicit written consent granted by the Commission. | This mechanism is considered necessary under the revised trading arrangements in I-SEM where it may be reasonable to allow the Licensee to engage in a prohibited activity, for example where a physical trip of the Interconnector left the Licensee with an imbalance position in the I-SEM Balancing Market. In any request for permission to engage in a prohibited activity the Licensee shall clearly outline the rationale behind the
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<td>Section A, Condition 18, Restriction on Use of Certain Information</td>
<td>It is proposed to amend paragraph 1 and 4(b) (i) to include updated and accurate references to the sources of the obligations placed on the Licensee in respect of restrictions on use of information. It is proposed to update paragraph 4(c) to refer to the Capacity Market Code in the list of arrangements under which the Licensee may be expressly permitted or required to disclose that information.</td>
<td>The proposed modifications reflect the range of sources for the obligations placed on the Licensee in respect of use of certain information.</td>
</tr>
<tr>
<td>Section B, Condition 19, Use of Revenues</td>
<td>It is proposed to amend paragraphs 1 and 2 to refer to the new defined term of “Interconnector Revenues”, so as to capture sources of revenue other than those already set out in the condition. A further amendment to paragraph 2 creates the potential for Interconnector Revenues to be used for such purposes as may be directed by the Commission from time to time, as well as for the two existing acceptable purposes already stated in the condition which are to be retained.</td>
<td>Under the I-SEM arrangements, the Licensee’s revenue streams will change to incorporate new sources. These are to be incorporated into the regulatory regime for the use of revenues created by this condition via the use of the new defined term “Interconnector Revenues”. The proposed modification allows the Commission to allow such revenue to be used for such other purposes as it may be direct from time to time; this is to ensure that, going forward, in light of these new streams of revenue that adequate flexibility is built into the regulatory regime for the use of revenues.</td>
</tr>
<tr>
<td>Section B, Condition 20, Access to the</td>
<td>It is proposed to modify paragraph 1 of this condition to oblige the</td>
<td>The applicable rules for allocation of capacity after the I-SEM go-live date</td>
</tr>
<tr>
<td>Condition</td>
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<tr>
<td>Licensee’s Interconnector</td>
<td>Licensee to make the capacity of the interconnector available in accordance with arrangements made under CACM, the FCA regulations and their subsidiary methodologies (as well as in compliance with s34 of the Act).</td>
<td>are set out in CACM and FCA Regulation (and their subsidiary methodologies); it is therefore appropriate to reference these in Condition 20(1) and (2) of the licence.</td>
</tr>
<tr>
<td>Section B, Condition 21 Application of Licence</td>
<td>Condition 21 has been modified to reflect modifications to conditions 19 and 20. In addition, paragraph 2 has been amended to clarify the legislation referred to therein.</td>
<td>The proposed modifications to conditions 19 and 20 require amendments to condition 21. The proposed modifications reflect these modifications.</td>
</tr>
<tr>
<td>Schedule 2 Right of the Commission to Revoke this Licence</td>
<td>Schedule 2 has been modified to reflect the new section numbers in the Companies Act 2014.</td>
<td>The Companies Act 1963 has now been replaced by the Companies Act 2014 which requires these modification to be made.</td>
</tr>
</tbody>
</table>