



An Coimisiún
um Rialáil Fóntas
**Commission for
Regulation of Utilities**

Statutory Notice

Published in accordance with Section 22(3) of the Electricity Regulation Act, 1999 (“the Act”)

ELECTRICITY INTERCONNECTOR LICENCE

In the matter of Section 19, 20, 21, 22 and 29 of the Act.

THE COMMISSION FOR REGULATION OF UTILITIES (the “Commission”) HEREBY GIVES NOTICE OF MODIFICATIONS TO THE ELECTRICITY INTERCONNECTOR LICENCE (the “Interconnector Licence”) ISSUED BY THE COMMISSION PURSUANT TO SECTION 14 (1) (i) OF THE ACT. THESE LICENCE MODIFICATIONS ARE TO FACILITATE THE IMPLEMENTATION OF THE INTEGRATED SINGLE ELECTRICITY MARKET. THE IMPLEMENTATION OF THESE MODIFICATIONS FOLLOWS THE STATUTORY NOTICE PUBLISHED IN THE BELFAST GAZETTE ON 15 DECEMBER 2017. FURTHER DETAILS ON THE CONTENT OF THE LICENCE MODIFICATIONS IS OUTLINED IN THE DECISION PAPER CRU/18/049 PUBLISHED ON THE COMMISSION'S WEBSITE www.cru.ie. THE EFFECTIVE DATE OF THESE LICENCE MODIFICATIONS IS 21 APRIL 2018 (SUBJECT TO THE REQUIREMENTS CONTAINED THEREIN FOR PARTICULAR PROVISIONS TO BE BROUGHT INTO EFFECT ON SUCH LATER DATE(S) AS MAY BE SPECIFIED BY DIRECTION OF THE COMMISSION).

The **modifications** are as follows:

1. The Interconnector Licence will be modified by amendments to the following terms and conditions:

- a. Part II Section A: Condition 1 Interpretation and Construction
- b. Part II Section A: Condition 6 Compliance with Codes
- c. Part II, Section A: Condition 9 Provision of Information to the Transmission System Operator, Distribution System Operator, or Market Operator
- d. Part II, Section A: Condition 10 Central Dispatch and Interconnector Transfers
- e. Part II, Section A: Condition 11 Ancillary Services
- f. Part II, Section A: Condition 15 Capacity Utilisation
- g. Part II, Section A: Condition 16 Dispute Resolution

- h. Part II, Section A: Condition 17 Prohibited Activities
- i. Part II, Section A: Condition 18 Restriction on Use of Certain Information
- j. Part II, Section B: Condition 19 Use of Revenues
- k. Part II, Section B: Condition 20 Access to the Licensee's Interconnector
- l. Part II, Section B: Condition 21 Application of Licence Conditions 19 and 20
- m. Schedule 2: Rights of Commission to revoke this Licence

2. **TAKE FURTHER NOTICE** THAT the nature of the modifications and the reasons therefor are stated in the Annex to this notice.
3. A decision paper setting out the background for the modifications of the Interconnector Licence and the background to the nature and reasons for the modifications stated in this notice is published on the Commission's website www.cru.ie.
4. The text for the modifications referred to at point 1 above can be found in the Interconnector Licence published alongside the decision paper.
5. The licence modifications will come into effect on 21 April 2018 (subject to the requirements contained therein for particular provisions to be brought into effect on such later date(s) as may be specified by direction of the Commission).
6. In accordance with Section 29 of the Act, a person who is a holder of a licence or an authorisation and who wishes to appeal against a decision of the Commission to modify the licence or authorisation concerned may, within 28 days of the making of the decision to modify a licence or an authorisation, request the Minister to establish a panel to be known and in the Act referred to as an "Appeal Panel".
7. For further information please see the Commission's decision paper at www.cru.ie.

NOTE: A COPY OF THIS NOTICE WILL BE SERVED ON THE LICENCE HOLDER

Signed:
Paul McGowan
Chair of the Commission
23 March 2018

ANNEX: STATEMENT OF THE NATURE OF MODIFICATIONS AND REASONS THEREFOR

Condition	Nature of modification	Reason(s) for modifications
Part 1 Terms of the Licence (Name of the licence holder)	Modify the name of the licence holder to reflect the change in name, from 'Eirgrid Interconnector Limited' to 'Eirgrid Interconnector Designated Activity Company'.	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 modification is required to reflect that change.
Section A, Condition 1 Interpretation and Construction	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". The modification will expand the definition of "Ancillary Services" to include other services as directed by the Commission from time to time.	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.
Section A, Condition 1 Interpretation and Construction	Introduce definition for the term CACM Regulation.	Modifications to other licence conditions refer to the term CACM Regulation, therefore a definition is required.
Section A, Condition 1 Interpretation and Construction	Introduce definition for the term Capacity Market Code.	Modifications to other licence conditions refer to the term Capacity Market Code, therefore a definition is required.
Section A, Condition 1 Interpretation and Construction	Introduce definition for the term Companies Act.	The term Companies Act appears in the current version of the Interconnector Licence but is not defined anywhere in the licence. The modification rectifies this oversight and ensures certainty as to how these provisions should be interpreted.
Section A, Condition 1 Interpretation and Construction	Introduce definition for the term Electricity Market Regulation.	Modifications to other licence conditions refer to the term Electricity Market Regulation, therefore a definition is required.
Section A, Condition 1 Interpretation and Construction	Introduce definition for the term FCA Regulation.	Modifications to other licence conditions refer to the term FCA Regulation, therefore a definition is required.
Section A, Condition 1 Interpretation and Construction	Introduce a definition for Harmonised Allocation Rules.	Modifications to other licence conditions refer to the term Harmonised Allocation Rules, therefore a definition is required. This is because at I-SEM Go Live, a new dispute resolution process contained within the Harmonised Allocation Rules will come into force.
Section A, Condition 1 Interpretation and Construction	Introduce definition for the term Interconnector Revenue.	Modifications to other licence conditions refer to the term Interconnector Revenue, therefore a definition is required.

Condition	Nature of modification	Reason(s) for modifications
		<p>Under I-SEM arrangements, the licensee's revenue streams will change to incorporate new sources (in particular, from Long Term 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.</p> <p>The modification reflects the change in the licensee's name.</p>
Section A, Condition 1 Interpretation and Construction	Amend the definition of "Licensee"	
Section A, Condition 1 Interpretation and Construction	Introduce a definition for Long Term Transmission Rights.	<p>Modifications to other licence conditions refer to the term Long Term Transmission Rights, therefore a definition is required.</p>
Section A, Condition 1 Interpretation and Construction	Delete the definition of Market Operator Licence.	<p>The term Market Operator Licence is not used anywhere in the Licence; therefore, a definition is not required.</p>
Section A, Condition 1 Interpretation and Construction	Introduce definition for the term Network Codes.	<p>Modifications to other licence conditions refer to the term Network Codes, therefore a definition is required. The modification is to ensure that 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.</p>
Section A, Condition 1 Interpretation and Construction	Introduce definition for the term Nominated Electricity Market Operator.	<p>Modifications to other licence conditions refer to the term Nominated Electricity Market Operator, therefore a definition is required. 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 is sufficiently wide to cover both any NEMO designated as such by the RAAs in Ireland and Northern Ireland as well as any 'passporting' NEMO (which have been designated in other Member States).</p>
Section A, Condition 1 Interpretation and Construction	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.	<p>The modification updates the reference to the relevant section in the Act as this is more accurate than the current drafting.</p> <p>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.</p>

Condition	Nature of modification	Reason(s) for modifications
Section A, Condition 6 Compliance with Codes	Introduce a new requirement requiring the licence holder to be party to and comply with the Capacity Market Code, insofar as applicable to it. 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.	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.
Section A, Condition 9 Provision of Information to the Transmission System Operator, Distribution System Operator, or Market Operator	The modifications extend 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. The modifications further increase the granularity of the information furnished by the Licensee to include information concerning capacity and constraints of the Licensee's Interconnector.	The modifications permit 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.
Section A, Condition 10 Central Dispatch and Interconnector Transfers	Amend the condition, including its title, to refer to 'scheduling and dispatch' rather than 'central dispatch'. A further modification is made 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.	The modification to paragraph 1 reflects the I-SEM related changes in processes related to interconnector transfers. The 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.
Section A, Condition 11 Ancillary Services	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 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.	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 modification seeks to provide an enhanced level of flexibility to enable the Commission to direct EIDAC to provide services over and above those set out in the Grid Code as it considers necessary.
Section A, Condition 15 Capacity Utilisation	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".	Amend condition to reflect the Licensee's obligations to auction Long Term Transmission Rights on its interconnector, under revised trading arrangements in the ISEM.

Condition	Nature of modification	Reason(s) for modifications
Section A, Condition 16 Dispute Resolution	<p>Further amendment to obligate the Licensee to make available arrangements for the auctioning of Long Term Transmission Rights, as required under legislation.</p> <p>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.</p>	<p>At I-SEM Go Live, a new dispute resolution process contained within the HAR will come into force. As such, 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.</p>
Section A, Condition 17 Prohibited Activities	<p>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.</p>	<p>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 request, and in any written consent the Commission shall clearly define the acceptable circumstances under which the Licensee may engage in such prohibited activity.</p>
Section A, Condition 18 Restriction on Use of Certain Information	<p>Paragraph 1 and 4(b) (i) will be amended to include updated and accurate references to the sources of the obligations placed on the Licensee in respect of restrictions on use of information. Paragraph 4(c) will be modified 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.</p>	<p>The modifications reflect the range of sources for the obligations placed on the Licensee in respect of use of certain information.</p>
Section B, Condition 19 Use of Revenues	<p>Paragraphs 1 and 2 will be amended 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.</p>	<p>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 modifications enable 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, adequate flexibility is built into the</p>

Condition	Nature of modification	Reason(s) for modifications
Section B, Condition 20, Access to the Licensee's Interconnector	<p>Paragraph 1 and 2 of this condition will be amended 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).</p> <p>Paragraphs 3 to 18 of this condition will be removed as the regulatory oversight over the charging methodology statement will no longer be required in the new SEM arrangements.</p>	<p>The applicable rules for allocation of capacity after the i-SEM go-live date 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.</p> <p>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. Therefore, paragraphs 3 to 18 are redundant.</p>
Section B, Condition 21 Application of Licence Condition 19	<p>Condition 21 has been amended to refer to the new defined term "<i>Electricity Market Regulation</i>".</p>	<p>The modifications clarify the legislation referred to in the condition.</p>
Schedule 2 Right of the Commission to Revoke this Licence	<p>Schedule 2 has been modified to reflect the new section numbers in the Companies Act 2014.</p>	<p>The Companies Act 1963 has now been replaced by the Companies Act 2014 which requires these modifications to be made.</p>

