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Airtricity

Mr Paddy Larkin
Moyle Interconnector Limited
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May 21, 2007

Dear Paddy

I am writing in response to your Consultation on Proposed Moyle Access Arrangements, issued on May 4, 2007. In the past, Airtricity have been regular purchasers of capacity on the Moyle Interconnector and we maintain a strong desire to continue and develop our business relationship under the Single Electricity Market in the future.

We agree with your premise that the SEM will facilitate greater trade across the interconnector and welcome your pragmatic approach to developing access arrangements rather than introducing wholesale changes at this stage. There remain, however, a number of specific points in the consultation where we hold a different point of view and I would like to respond to these.

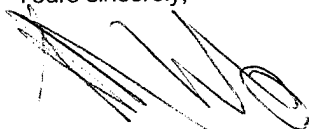
1. Paragraph 2.3 of the consultation proposes setting no limit on the quantity of capacity that any one bidder can acquire. Airtricity believe that market transparency and fair and open competition in the SEM are better served by placing a firm restriction on the total quantity of capacity that any one bidder may acquire in each auction. We would propose setting this limit at a level of 40% of the capacity offered for auction, consistent with the notional cap that has been used historically, and apply it on a parent company basis to prevent multiple entities in the same group acquiring large holdings.
2. Airtricity believe that the process for auctioning longer term products (2 and 3 year capacity) is overly complex and restrictive and does not best serve the interests of market participants. Airtricity believe that explicit auctions should be held for these individual products rather than having them contingent on purchase of first year capacity. This would allow market participants to fully assess the value of these longer term products and manage their bids appropriately.
3. Airtricity would also prefer to see the auctions spread across time, such that not all products are aligned with the tariff year. This would facilitate market participants in planning their business on a continual basis and dealing with requirements that do not necessarily coincide with the tariff year.
4. In the event that capacity is not fully taken up in the auction process, Airtricity would prefer to see this capacity released to the successful bidders or posted on an electronic system to facilitate secondary trading of short term capacity.
5. Airtricity also believe that the reserve price should be removed, consistent with the current auctions for North-South interconnector capacity, to provide access on a fair market price at all times.
6. Losses should only apply in the direction of dominant flow and this should be explicitly stated in the contract for Interconnector use.
7. In addition to explicitly auctioning the longer term products, Airtricity would welcome a specified minimum level of capacity of at least 30% being made available for these products. Where this capacity was not fully taken up by market participants, it would be progressively released into the short term auctions, with the longer term auctions held first. This would provide market

participants with clearer information on their longer term capacity holdings, allowing them to adjust their bids appropriately in subsequent rounds and support longer term business stability and the growth of competition in the market.

8. The consultation proposes holding the first auctions for annual capacity in June, in line with the timetable for the process for Directed Contracts. However, Section 6.1 provides for a latest auction time for this capacity of only one month prior to the start of the contract year (i.e. by October 2007). Airtricity believe that it best serves the interests of market participants to hold these auctions as early as practicable. This will allow both the market participants, as well as the Moyle Interconnector itself, to prudently manage their financial position in advance of the introduction of the SEM.
9. The consultation document refers to the Framework Agreement's requirement that unrated bidders should have 3 months security cover for their liability for capacity purchases (Section 10). Airtricity believe that this is an onerous requirement on smaller market participants and imposes an undue cost burden. Lower levels of security cover have been applied to capacity on the current North-South Interconnector with regulatory acceptance. As the Moyle Interconnector will be able to release capacity to other market participants within one week of default, following the introduction of weekly auctions, or one month at the latest, we see no reason for more than one month of security cover to be provided. In addition, we believe that this requirement is inconsistent with the fully collateralised SEM and discriminates in terms of transaction costs between participants.

I trust that you will fully consider the points that we have raised and reflect them in the forthcoming auctions for capacity. I would be happy to meet with you, at your convenience, to discuss them further.

Yours sincerely,



Sandy Wito
Trading Manager