



MOYLE INTERCONNECTOR LIMITED

Moyle Interconnector Import Capacity

Moyle Interconnector Export Capacity

September 2006 Capacity

INVITATION TO BID

1. Introduction

- 1.1 Moyle Interconnector Limited ("Moyle"), acting through its agent SONI Limited ("SONI"), the Transmission System Operator in Northern Ireland, and with the agreement of the Northern Ireland Authority for Energy Regulation ("the Authority") is releasing Moyle Interconnector import capacity and Moyle Interconnector export capacity for auction to permit trading between Independent Power Producers (IPPs) and Suppliers in Great Britain, Northern Ireland and the Republic of Ireland.
- 1.2 This document details the arrangements for interested parties to participate in the auction for capacity rights in respect of the periods commencing at 06:00 hours on 1st September 2006 and ending immediately before 06:00 hours on 1st October 2006. The rights will be for capacity as specified under Capacity Types in Appendix 1.
- 1.3 By participating in this Interconnector Capacity Auction process, the bidders will be deemed to have agreed to accept the terms of this Invitation to Bid.
- 1.4 While this Invitation to Bid has been prepared with due care, Moyle, SONI and the Authority do not make any representation, warranty or undertaking, express or implied, in or in relation to this Interconnector Capacity Auction and no responsibility or liability is or will be accepted by Moyle, SONI or the Authority as to, or in relation to, the accuracy or completeness of this Invitation to Bid, any suggestion made by any of them or any other written or oral information made available to any interested party or its advisers and any such responsibility or liability is hereby expressly disclaimed. Nothing in this paragraph 1.4 will restrict

any rights of any person with respect to any fraud on the part of any other person.

- 1.5 One of the aims in undertaking this Interconnector Capacity Auction is to give potential Moyle Interconnector Capacity Holders (MICHs) an opportunity to facilitate supply to customers in Northern Ireland, Great Britain and the Republic of Ireland. No representation is made as to the willingness of customers in these areas to enter into contracts and bidders must make their own enquiries and take their own advice about the market for generation and supply in each of the interconnected jurisdictions referred to in this clause.
- 1.6 The opportunity to bid in this Moyle Interconnector Capacity Auction is offered to those MICHs who have entered into the Moyle Interconnector Capacity Framework Agreement (“the Agreement”) in advance of the auction. The Agreement can be downloaded from SONI’s website (www.soni.ltd.uk). Moyle and SONI will not be obliged to accept bids from any person who has not submitted two completed and duly executed copies of the Agreement to Moyle in advance of the bid registration time (see paragraph 6.2 below). Bidders should note that the Agreement provides that MICHs who do not have an Approved Credit Rating must provide the security cover specified in Schedule 3 to the Agreement.
- 1.7 The auction is being conducted by SONI as agent for Moyle. SONI will decide, on behalf of Moyle, which of the bids for Moyle Interconnector Capacity will be accepted and will issue Capacity Confirmations to successful bidders under their Agreements. The right to use Moyle Interconnector Capacity shall be subject to the terms and conditions of the Agreement. SONI will require successful bidders to enter into any other agreements which may become necessary to facilitate interconnector trading, as determined by SONI and approved by the Authority.
- 1.8 Neither the receipt of this Invitation to Bid by any person nor any information contained in it or supplied with it or subsequently communicated to any person constitutes, or is to be taken as constituting, the giving of investment advice by Moyle, SONI or the Authority to any person.
- 1.9 Certain legislative, regulatory and other arrangements may need to be implemented before this Interconnector Capacity Auction can be completed. SONI reserves the right not to proceed with the Interconnector Capacity Auction or any part of it or any similar auction and may terminate this Interconnector Capacity Auction process at any time, with the agreement of the Authority.
- 1.10 This Invitation to Bid, the Agreement and any contracts entered into in relation to the grant of rights to use Moyle Interconnector Capacity (irrespective of where such contracts may otherwise be deemed to

have been concluded) are governed by the laws of Northern Ireland to the exclusion of any other national law and the Northern Ireland Courts shall have sole jurisdiction in relation to any disputes in relation thereto unless the parties agree otherwise.

2. Bids for Capacity

- 2.1 Bids will be made by completing the forms in the attached Appendix 3. Bids must be returned to SONI by 10:00 hours on 25th August 2006.
- 2.2 Secondary trading in acquired rights is permitted in accordance with the provisions of the Interim Settlement Arrangements and Clause 15.2 and Schedule 4 of the Agreement.

3. Timetable

- 3.1 Bidders who are successful in acquiring capacity rights under the auction will be notified by SONI by 15:00 hours on 25th August 2006.
- 3.2 The Authority has indicated that it may set a limit on the number of Capacity Units which may be allocated to any one bidder.
- 3.3 SONI reserves the right to refuse bids which do not comply with the terms of the Invitation to Bid.

4. Payment for Capacity and Pass Through Charges

- 4.1 Bids received by SONI are binding and, if accepted, represent an obligation to pay for the capacity acquired under this auction on the terms and conditions set out in the Agreement.
- 4.2 Successful bidders will pay the bid price as marked on the bid forms submitted against each capacity Unit. Bid prices are exclusive of VAT and the MICH's share of Pass Through Charges (as defined in the Agreement), payable by Moyle in respect of the relevant transmission systems. Bidders should make themselves aware of the Pass Through Charges which may apply and make their own assessments of how these may change during the term of any capacity for which they bid.
- 4.3 At present, no Transmission Use of System ("TUoS") charges or other charges are payable by Moyle in respect of use of the transmission system in Northern Ireland. Bidders are referred to the published charging statements of Northern Ireland Electricity plc ("NIE") for further information.
- 4.4 The Moyle Interconnector is connected to the Great Britain transmission system operated by National Grid Electricity Transmission plc ("National Grid") as the Great Britain System Operator ("GBSO"). Moyle contracts with National Grid for use of system rights to enable the transport of electricity to or from its Auchencrosh Converter Station

in the south of Scotland. Transmission Network Use of System (“TNUoS”) Charges are payable by Moyle to National Grid in respect of such use.

- 4.5 The applicable TNUoS charges are set out in the Statement of the Use of System Charging Methodology and Statement of Use of System Charges (“the Statements”), which can be found on National Grid’s charging website:

www.nationalgrid.com/uk/Electricity/Charges/chargingstatementsapproval/

- 4.6 Moyle will pay to National Grid the relevant elements of the TNUoS charges, including both demand and generation charges (corresponding to Moyle import and export respectively). MICHs will be required to pay to Moyle the pro rata amount of these charges, which their use of Moyle capacity causes Moyle to be required to pay. Any other charges payable to National Grid are the sole responsibility of MICHs.

- 4.7 TNUoS demand charges are payable by Moyle based on the average net metered import at Auchencrosh during the Triad (as defined in the Statements). Following the annual TNUoS reconciliations, Moyle will invoice or credit (as appropriate) each MICH who has contracted for Import Capacity for the difference between their proportionate share of Moyle’s total TNUoS demand charge and the sum of the charges they have paid in respect of the relevant period. The proportionate share will be based on each MICH’s average nominated import, if any, during the Triad periods.

- 4.8 Moyle is obliged to pay TNUoS demand charges monthly, based on its quarterly forecasts of its Triad demand. These forecasts will be based on the total Moyle capacity contracted at the time of the forecast, under the following types of contract:

- One-, Two- and Three-year contracts; and
- One-Month contracts for the months of November to February inclusive.

Moyle will invoice MICHs monthly for demand TNUoS charges based on the charge actually payable to National Grid. Each MICH’s proportionate share will be calculated from the above forecast.

- 4.9 Moyle will not require MICHs to pay TNUoS generation charges since these are annual charges based on its contracted Transmission Entry Capacity irrespective of usage.

5. Trading Requirements in Northern Ireland and Great Britain

- 5.1 Allocation of capacity under these arrangements does not give any MICH the right to submit a nomination to SONI under the Interim Settlement Code. A MICH only has that right if it is a party to an Interim Settlement Agreement with NIE, which is an agreement in the form of the pro forma Interim Settlement Agreement established under NIE's transmission licence granted under the Electricity (Northern Ireland) Order 1992.
- 5.2 A MICH only has the right to submit nominations under the Interim Settlement Code if it complies with its obligations under clause 4.1 of the Agreement, including having an Approved Credit Rating or having provided the security cover in accordance with Schedule 3 of the Agreement.
- 5.3 It is the responsibility of each MICH to ensure that all necessary registrations are in place to permit trading under the British Electricity Trading and Transmission Arrangements ("BETTA"). In particular, each MICH must ensure that the Balancing Mechanism Unit (BMU) registrant for the Interconnector BMUs to be used for trading under BETTA has executed the Moyle Interconnector Framework Deed as set out in Schedule 7 of the Interim Settlement Code. The MICH must also ensure that trading contracts are registered with SONI on the MITS system in accordance with the Moyle Interconnector Procedures.
- 5.4 Bidders should note that the latest versions of the Interim Settlement Agreement, the Interim Settlement Code and the Moyle Interconnector Procedures can be found on SONI's website (www.soni.ltd.uk).
- 5.5 A MICH who does not hold a licence granted under the Order (a "Trader") which would include a Supplier with a licence in the RoI but not Northern Ireland, but who wishes to use Interconnector Capacity to export from Northern Ireland itself may apply to NIE to enter into an Interim Settlement Agreement under which it agrees to comply with the Interim Settlement Arrangements.
- 5.6 Any MICH (in particular, a person acting as a Trader) who:
- (a) does not have an Interim Settlement Agreement with NIE and therefore has no right to submit nominations under the Interim Settlement Code; or
 - (b) has capacity allocated to it that it does not wish to use,

may assign that capacity to any person who is a party to an Interim Settlement Agreement with NIE ("Assignee") with the prior written consent of Moyle (such consent not to be unreasonably withheld or delayed). To assign the capacity, the MICH and the Assignee must sign and submit the form in Schedule 4 of the Agreement to SONI and,

unless otherwise agreed by Moyle, any such assignment is subject to the conditions set out in clause 15.3 of the Agreement, including that the period of the assignment must not commence sooner than three business days after written consent is granted by Moyle. Only the Assignee may submit nominations in respect of that capacity. The MICH remains liable to pay the capacity charge.

6. Submission and Evaluation of Bids

- 6.1 Bidders must have executed the Agreement before registering their intention to bid. The signed Agreement should be delivered to Moyle by hand, courier, registered post or facsimile at the following address in time to allow acknowledgement by Moyle of receipt of the satisfactorily executed Agreement in advance of the bidder's registration with SONI:

Managing Director
Moyle Interconnector Limited
First Floor The Arena Building
85 Ormeau Road
Belfast
BT7 1SH

Phone: 028 9043 7581
Fax: 028 9024 9673
e-mail: alan.rainey@moyleinterconnector.com

Moyle and SONI will not be obliged to accept bids from any person who has not submitted executed Agreements in accordance with this paragraph 6.1 in advance of the bid registration time set out in paragraph 6.2. Two completed and executed originals should be delivered to Moyle. In the case of initial transmission by facsimile, the two executed originals should follow by hand, courier or registered post. On execution by Moyle, one fully executed original will be returned to the bidder.

- 6.2 Bidders must register their intention to bid with SONI by 17:00 hours on 22nd August 2006. Bidders should register by sending a letter, facsimile or e-mail in the form of the attached Bidder Registration Letter (Appendix 4) to SONI, at the address, fax number or e-mail address set out in 6.3. Only bidders who have registered by that date will be eligible to participate in the auction. A bidder who wishes to withdraw from the auction process may do so by notifying SONI in writing, although it may not do so after it has submitted a bid.
- 6.3 Bidders must satisfy themselves that they have the complete Invitation to Bid and any other information relevant to their participation in this auction. Bidders may ask SONI for clarification of the Invitation to Bid or additional information. Where additional information or clarification is given, it may also be disclosed to all other bidders. Enquiries in

relation to this Invitation to Bid should be made electronically or in writing to SONI at:

SONI Ltd
Castlereagh House
Market & Services Office
12 Manse Road
BELFAST
BT6 9RT

Tel. 028 9079 4336
Fax 028 9070 7560
e-mail: interconnectorauctions@soni.ltd.uk

- 6.4 Bid Forms must be delivered by courier, registered post or by hand to SONI at:

Castlereagh House
Market & Services Office
12 Manse Road
BELFAST
BT6 9RT.

- 6.5 Late Bid Forms will be rejected and returned to the bidder unopened. Neither Moyle nor SONI nor the Authority shall have any liability to the bidder in the event that a late Bid Form is rejected and returned.
- 6.6 An original and a copy of the Bid Form must be submitted in a sealed envelope marked "Private & Confidential. To be opened by addressee only. For the attention of Kris Kennedy - Bid by [Name of bidder] in relation to the Interconnector Capacity Auction closing 10:00 hours, 25th August 2006. The envelope must state a return address.
- 6.7 Bids will be opened by SONI in the presence of a representative of the Authority.
- 6.7 Bids will be evaluated according to the following evaluation criteria:
- (a) Capacity type bid for;
 - (b) Price bid; and
 - (c) Validity of bid (this criterion will include: whether the bid has been received in time, is correctly executed, and has been submitted together with required information, whether there is any evidence of collusion on the part of the bidder; whether the bid is within any maximum limit of the available capacity which may or may not be set by the Authority and is unqualified and unconditional; and whether the bid price exceeds the reserve price).

- 6.9 Any acceptance or rejection of any bid shall be at the sole discretion of SONI, acting in consultation with Moyle and the Authority. Any decision of SONI in relation to the acceptance or rejection of any or all bids shall be conclusive and binding upon the bidder. Neither Moyle nor SONI shall have any liability to the bidder whatsoever in relation to any decision to accept or reject any bid.
- 6.10 If bid prices for any set of Units of capacity are the same and there are not enough Units available to accept all the bids at that price, preference will be given first to bids for Standard Units and then to bids for Non-Standard Units in order of the bid price in £/MW-month. In the event of bid prices being the same at any level of this ranking, a pro rata allocation will be calculated on the basis of the total number of bids at the relevant price. If pro rata allocation is required, bids will be accepted on this basis to the extent this results in whole Units being allocated (and the maximum number of bids, if any, not being exceeded for any one bidder) and the balance will be allocated at the discretion of SONI.
- 6.11 Any allocation of Units made in accordance with the procedure described in paragraph 6.10 will be binding on all affected bidders and SONI will issue Capacity Confirmations in respect of the number of Units in respect of which bids have been accepted under such procedure in accordance with the provisions of this Invitation to Bid.

7. Acceptance, rejection and conclusion of Agreement

- 7.1 SONI will accept the bids by writing “accepted” next to the bid on the Bid Form or reject the bid by writing “rejected” next to the bid on the Bid Form.
- 7.2 SONI will notify bidders of the outcome of their bids by 15:00 hours on the day of the auction and notification of acceptance of a bid will constitute a binding agreement between Moyle and the bidder under the terms of the Agreement for the right to use a Unit of capacity at the bid price. SONI will issue Capacity Confirmations in the form of Schedule 2 to the Agreement including the particulars of the accepted bids which will evidence the terms and conditions of the contract between Moyle and the bidder in relation to the rights to use Units of capacity held by the bidder (and which will incorporate the provisions of the Agreement).
- 7.3 Following completion of the auction process, SONI will publish the capacity obtained by each bidder by name and product type.

8. General

- 8.1 Successful bidders will be required to sign any agreements which may become necessary to facilitate interconnector trading, as determined by SONI and approved by the Authority.
- 8.2 SONI may at any time by notice to all Participants (as defined in the Interim Settlement Code) and any Trader then known to it amend or terminate the arrangements described in paragraph 8.1 with effect from the end of the Trading Day commencing on the day two days after the notice to terminate is given.
- 8.3 SONI may reject any application made under these arrangements if at the time of the application the MICH is in default in making any payment due to Moyle in relation to its use of the Moyle Interconnector.
- 8.4 SONI, with the agreement of the Authority, reserves the right to amend the Invitation to Bid by notice to bidders given not less than 2 Business Days before close of bids and to cancel the Invitation to Bid at any time.
- 8.5 The Interim Settlement Agreement and the Interim Settlement Code are subject to approval by the Authority and the terms of the documents may change after bids have been submitted or during the term of any contract in respect of rights to use Units of capacity held by the bidder. Bidders will be sent copies of any changes and will be bound by such changes. Changes to those documents will be made in accordance with NIE's licence and the terms of the Interim Settlement Agreement.
- 8.6 There must be no collusion by any bidder with any other bidder. Evidence of collusive behaviour will result in disqualification of bids.
- 8.7 Moyle reserves the right to conduct further auctions of capacity Units unsold in this Interconnector Capacity Auction and may also conduct other sales of additional capacity in the future.
- 8.8 Bidders participate in the auction at their own cost. Moyle, SONI and the Authority are not liable for any cost or expense incurred by or on behalf of bidders in connection with this Interconnector Capacity Auction including in the event of its cancellation.
- 8.10 Bidders should note that the allocation of Moyle Interconnector capacity by means of this Interconnector Capacity Auction implements the "relevant access arrangements" established by Moyle and approved by the Authority in accordance with Condition 17 of Moyle's Transmission Licence.
- 8.11 Interconnector Losses shall be as follows:
- | | |
|-------|--------------------------|
| Moyle | 1.9% in either direction |
|-------|--------------------------|

Bidders should note that this loss figure has been reviewed in the light of expected trading across the Moyle Interconnector in 2006-07. The figure will continue to be kept under review and any further change will be published on SONI's website. Moyle capacity values apply at the connection point of the Auchencrosh converter station to the Scottish transmission system.

Bidding Rules

The auction of capacity on the Moyle Interconnector will take the following form. The auction will allocate capacity for Moyle Import to Northern Ireland (NI) and Moyle Export to Scotland.

Moyle Net Transfer Capacity

The total Net Transfer Capacity (NTC) of the Moyle Interconnector, as determined by SONI, will be as follows (Winter meaning the calendar months of November to March inclusive and Summer meaning the calendar months of April to October inclusive):

- Winter 400 MW
- Summer day 400 MW
- Summer night 300 MW

The daily NTC profiles (MW) in Summer will be as follows:

Time	Total NTC	NTC less priority reservation
06:00-08:00	300	175
08.00-08.30	320	195
08.30-09.00	360	235
09.00-23.00	400	275
23.00-23.30	360	235
23.30-24.00	320	195
24.00-06.00	300	175

The priority reservation of 125 MW is for Moyle's Capacity Agreement with NIE PPB, which was an integral part of the agreement between NIE and Scottish Power under which the Moyle Interconnector was built. This capacity reservation will remain at 125 MW even when total NTC is reduced.

Standard Moyle Import Capacity Units

Each Standard Moyle Import Capacity Unit will have an annual capacity profile with a maximum of 5 MW, which will apply whenever the total NTC is 400 MW. When the total NTC is less than 400 MW, the capacity of each Unit will be reduced. The reduced capacity of each Unit will be the proportional share of the capacity profile set out above under the "NTC less priority reservation" heading.

Standard Moyle Export Capacity Units

Each Standard Moyle Export Capacity Unit will have a capacity of 5 MW at all times.

Non-Standard Moyle Capacity Units

For One Month Contracts, as an alternative to Standard Moyle Capacity Units, bids may be submitted for Non-Standard Moyle Capacity Units with a capacity profile which may be less than that of the corresponding Standard Moyle Capacity Units, subject to a minimum of 300 MWh/month per Non-Standard Moyle Capacity Unit. Bidders shall specify their preferred number of MWh/month for such Units, subject to the minimum value, and this number times their £/MWh bid price divided by 5 (giving the £/MW-month bid price) will be the basis on which bids are compared.

Holders of Non-Standard Moyle Capacity Units may nominate energy transfers against such Units up to the capacity profile of a Standard Unit. The monthly capacity charge will be the actual nominated MWh/month (subject to a minimum value of the specified MWh/month) times the £/MWh bid price. The way in which such charges will be calculated is explained in Appendix 2.

Capacity Types

The types of available capacity for sale are as follows:

- 1 Standard One Month Moyle Import Capacity for September 2006
- 2 Standard One Month Moyle Export Capacity for September 2006
- 3 Non-Standard One Month Moyle Import Capacity for September 2006
- 4 Non-Standard One Month Moyle Export Capacity for September 2006

Reserve Prices

The Reserve Price for Standard One Month Contracts will be £1,901 per MW month.

The Reserve Price for Non-Standard One Month Contracts will be £2.84 per MWh.

Bids - Submission and Evaluation

Entities, which are part of the same holding company, will be treated as separate entities with respect to the submission of bids.

Bidders may bid for any individual capacity type, or types of capacity, and may submit bids for the full amount of available capacity in that cohort. Capacity bids should be submitted on the attached bid forms as follows:

- Bid Form A - Standard One Month Moyle Import Capacity
- Bid Form B - Standard One Month Moyle Export Capacity
- Bid Form C - Non-Standard One Month Moyle Import Capacity
- Bid Form D - Non-Standard One Month Moyle Export Capacity

For Non-Standard Capacity contracts, bidders shall specify the number of MWh/month for each Non-Standard Unit for which they are bidding, subject to a minimum of 300 MWh/month.

Non-Standard Capacity - Bidding Example

To illustrate the bidding for Non-Standard Capacity, an example of a completed Bid Form C is attached.

Bid Ranking

Auction bids will be evaluated according to the following criteria.

Standard One Month Capacity contracts will be allocated before those for Non-Standard Capacity. The Authority reserves the right to limit the capacity allocation made to any party and its related entities.

All valid bids for each capacity type will be ranked in order of bid price per MW-month.

Example - Bid Form C - Example

Name of Bidder *Browngreen Energy Supply Limited*

Non-Standard One Month Moyle Import Capacity for the Month of September 2006

Capacity Unit	One Month Moyle Import (235 MW) (a)	One Month Moyle Import (235 MW) (b)	One Month Moyle Import (235 MW) (a) x (b) / 5	SONI Use Only Bid Status
	Price (£/MWh)	Capacity (MWh/month)	Price (£/MW-month)	
1.	6.00	3000	3600.00	
2.	6.00	3000	3600.00	
3.	6.00	3000	3600.00	
4.	6.00	3000	3600.00	
5.	6.00	3000	3600.00	
6.	4.00	2400	1920.00	
7.	4.00	2400	1920.00	
8.	4.00	2400	1920.00	
9.	4.00	2400	1920.00	
10.	4.00	2400	1920.00	
11.	3.00	1500	900.00	
12.	3.00	1500	900.00	
13.	3.00	1500	900.00	
14.	3.00	1500	900.00	
15.	3.00	1500	900.00	
16.	3.00	330	198.00	
17.	3.00	330	198.00	
18.	3.00	330	198.00	
19.	3.00	330	198.00	
20.	3.00	330	198.00	
21.				
22.				
23.				
24.				
25.				
26.				
27.				
28.				
29.				
30.				
31.				
32.				
33.				
34.				
35.				
36.				
37.				
38.				
39.				
40.				
41.				
42.				
43.				
44.				
45.				
46.				
47.				

Capacity Charges for Non-Standard Moyle Capacity Units

The following is intended to clarify how capacity charges will be applied where a MICH holds more than one type of Moyle capacity including Non-Standard Units.

1. Following the payment terms set out in the Agreement, Moyle will invoice the MICH in advance of each Payment Period in accordance with Clause 5.2. This invoice will include the Capacity Charges at the respective £/MW-month bid price for each Unit and Pass Through Charges in respect of:
 - Standard Capacity Units; and
 - Non-Standard Capacity Units.
2. For any Capacity Period in which a MICH has exercised its right to nominate above the specified MWh capacity of its Non-Standard Capacity Units, Moyle will invoice in arrears the additional Capacity Charges based on
 - the number of MWh by which total nominations for the Capacity Period exceeded the total contracted profile in MWh for that Capacity Period, taking account of all capacity held, both Standard Units and Non-Standard Units; and
 - the relevant £/MWh bid price in respect of such nominations.

The additional Capacity Charges in respect of Non-Standard Import Capacity Units and Non-Standard Export Capacity Units will be separately calculated and invoiced without offset.

3. In the event of the MICH holding Non-Standard Units at more than one price
 - the lowest price will be applied first, until the corresponding Non-Standard Units have been filled up to the standard profile;
 - the next lowest price will then be applied until the corresponding Non-Standard Units at that price have been filled; and
 - the process will continue by applying in ascending order the remaining prices to the corresponding Non-Standard units.
4. All invoices will be payable in accordance with Clause 5.3 of the Agreement.

Schedule

This schedule is the Annexure to the Bid Form of the Capacity Holder as required by SONI.

To SONI
Castlereagh House
Market & Services Office
12 Manse Road
Castlereagh
Belfast
BT6 9RT.

Fax: 028 9070 7560

e-Mail: interconnectorauctions@soni.ltd.uk

From **Date**

Address

.....

Fax:

e-mail:

We hereby submit the following bids for capacity rights on the Moyle Interconnector for the period stated, as set out in the attached bid forms, which will apply from 06:00 hours on 1st September 2006.

We understand that capacity allocated to us will be charged at the bid price and that this application, if successful, represents an obligation to pay for allocated capacity at the bid price whether or not that capacity is used.

Bid Form A

Name of Bidder _____

Standard One Month Moyle Import Capacity for the Month of September 2006

Capacity Unit	One Month Moyle Import (235 MW)	SONI Use Only Bid Status
	Price (£/MW-month)	
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		
21.		
22.		
23.		
24.		
25.		
26.		
27.		
28.		
29.		
30.		
31.		
32.		
33.		
34.		
35.		
36.		
37.		
38.		
39.		
40.		
41.		
42.		
43.		
44.		
45.		
46.		
47.		

Bid Form B

Name of Bidder _____

Standard One Month Moyle Export Capacity for the Month of September 2006

Capacity Unit	One Month Moyle Export (50 MW)	SONI Use Only Bid Status
	Price (£/MW-month)	
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		

Bid Form C

Name of Bidder _____
Non-Standard One Month Moyle Import Capacity for the Month of September 2006

Capacity Unit	One Month Moyle Import (235 MW) (a)	One Month Moyle Import (235 MW) (b)	One Month Moyle Import (235 MW) (a) x (b) / 5	SONI Use Only Bid Status
	Price (£/MWh)	Capacity (MWh/month)	Price (£/MW-month)	
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
21.				
22.				
23.				
24.				
25.				
26.				
27.				
28.				
29.				
30.				
31.				
32.				
33.				
34.				
35.				
36.				
37.				
38.				
39.				
40.				
41.				
42.				
43.				
44.				
45.				
46.				
47.				

Bid Form D

Name of Bidder _____

Non-Standard One Month Export Capacity for the Month of September 2006

Capacity Unit	One Month Moyle Export (50 MW) (a)	One Month Moyle Export (50 MW) (b)	One Month Moyle Export (50 MW) (a) x (b) / 5	SONI Use Only Bid Status
	Price (£/MWh)	Capacity (MWh/month)	Price (£/MW-month)	
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				

Bidder Registration Letter

To SONI
Castlereagh House
Market & Services Office
12 Manse Road
Castlereagh
Belfast
BT6 9RT.

Fax: 028 9070 7560

e-mail: interconnectorauctions@soni.ltd.uk

From **Date**

Address

.....

Fax:

e-mail

We hereby confirm that Moyle Interconnector Limited has acknowledged receipt of our executed Moyle Interconnector Capacity Framework Agreement and submit our Intention to Bid at the forthcoming Moyle Interconnector Capacity Auction to be held on 25th August 2006.

Moyle Interconnector Capacity and Energy Allocations

The Moyle Interconnector Capacity and Energy Allocation rules are as set out in the Interim Settlement Code and as described in the Moyle Interconnector Procedures (both available on SONI's website (www.soni.ltd.uk)). However, this Appendix gives a brief overview of the capacity and energy allocation rules for illustration purposes. Definitions of terms used are given below:

Definitions

- **long term** – in relation to rights to use Units of capacity means rights which have a duration of one year or greater
- **NTC – Net** Available Transfer Capacity for each ½ hour period
- **MITS** - The web-based Moyle Interconnector Trading System
- **MICH** - Moyle Interconnector Capacity Holder, who has secured capacity via:
 - (i) annual auction process;
 - (ii) other purchase; or
 - (iii) assignment of capacity from a party who has secured capacity through (i) or (ii)
- **MIU** - Moyle Interconnector User, the party which has a contract with the MICH to transport energy across the interconnector
- **SONI** - System Operation Northern Ireland, responsible for allocating interconnector capacity in both directions and for posting the allocations on MITS.

NTC Posting

SONI post the capacity value on MITS by 10:30 hours on Day-2 (i.e. D-2 is two days before the actual trading day).

NTC Change after D-2 10:30 hours

If the NTC is changed between 10:30 hours on D-2 and 09:00 hours on D-1 the MICH/MIU will have until 11:00 hours on D-1 to submit revised energy nominations for D-0.

Any reduction to the NTC will result in a pro-rata reduction of capacity available to individual MICHs, other than in respect of the priority reservation. It is the responsibility of each individual MICH to obtain the relevant NTC figures from the MITS.

The methodology for capacity allocation and reallocation is only used for capacity changes posted on MITS before 09:00 hours on D-1.

Capacity Allocation Calculation - Rules

- Where capacity requirements exceed available capacity the capacity will be allocated in the following order:
 - (i) 125 MW Priority Reservation
 - (ii) long term auction allocations or assignments

- Where available import capacity is less than 125 MW then all the import capacity will be allocated to the priority reservation

Where long-term auction allocations cannot be met from the residue of capacity after the priority allocation is met the capacity will be allocated on a pro rata basis between long-term capacity holders.

The following gives an example of Capacity Allocation Calculation.

Example - Capacity Allocation Calculation

NTC MW	Priority reservation	MICH1	MICH2	Remarks
400	125	100	80	All capacity requirements satisfied (305 MW)
250	125	69.44 ¹	55.56 ²	MICH1 & MICH2 allocation reduced pro rata
125	125	0	0	The priority reservation receives all available capacity

- The priority reservation has a capacity allocation of 125 MW
- MICH1 has a long term capacity allocation of 100 MW
- MICH2 has a long term capacity allocation of 80 MW

After the priority allocation of 125 MW only 125 MW is split between MICH1 and MICH2 as follows:

¹MICH1 is allocated $(100/180)*125 = 69.44$ MW

²MICH2 is allocated $(80/180)*125 = 55.56$ MW

If the NTC as posted on MITS is reduced after 09:00 hours on D-1 then energy nominations will be reduced in accordance with the Within Day Energy Revision Calculation; that is MITS will allocate revised energy nominations to each MICH. Once energy nominations are posted (i.e. after gate closure 11:00 hours D-1) then MITS will determine the allocation of energy flows for each MICH. A Within Day Energy Revision Example is illustrated below.

Example – Within Day Energy Revision

	Original NTC 400 MW	Revised NTC 250 MW	
Original	Allocated Capacity	Energy Nomination kWh	Revised Energy Nomination
Priority reservation	125	62500	62500
MICH1	100	50000	34722
MICH2	80	40000	27778

Residual capacity = $\frac{(250-125) \times 1000}{2} = 62500$ kWh

MICH1 $\frac{50000 \times 62500}{(50000 + 40000)} = 34722$ kWh

MICH2 $\frac{40000 \times 62500}{(50000 + 40000)} = 27778$ kWh

Energy Allocations

Energy allocations derived from energy nominations against capacity are subject to reduction due to the interconnector ramping restrictions. As the interconnector flow is limited to the NTC in any settlement period ramping up cannot be initiated until the start of the settlement period in which it is to be increased. Similarly any ramp down of the interconnector must be complete by the start of the settlement period in which the NTC is reduced.