



MOYLE INTERCONNECTOR LIMITED

Moyle Interconnector Import Capacity

Moyle Interconnector Export Capacity

Capacity from 1st July 2011 for a 3 month period.

INVITATION TO BID

0. Definitions and Interpretation

Relevant Period	06:00 1 st July 2011 to immediately before 06:00 1 st October 2011 Import capacity offered: 10MW standard Export capacity offered: 5MW standard
Bid Submission Time:	10:00 16th June 2011
Auction Result Notification Time:	15:00 16th June 2011

Unless indicated otherwise, capitalised terms have the meaning given to them in the Moyle Interconnector Capacity Framework Agreement (Single Electricity Market) (the “**Agreement**”).

Available Transfer Capacity, Commercial Offer Data, Interconnector Unit, Interconnector Users, Market Operator, Market Start Date and Modifications have the meanings given to them in the Single Electricity Market Trading and Settlement Code (“**SEM TSC**”) published by the Authority and the Commission for Energy Regulation in Ireland.

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 Authority, is releasing Moyle Interconnector import capacity and Moyle Interconnector export

capacity for auction to permit trading between Generators 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 Relevant Periods. The rights will be for capacity as specified under Capacity Types in Appendix 1.
- 1.3 By participating in this Moyle Interconnector capacity auction process (the “**Auction**”), 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 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 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 Auction is offered to those MICHS who have entered into 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 at least twenty four hours in advance of the Bid Submission Time. 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 Auction can be completed. SONI reserves the right not to proceed with the Auction or any part of it or any similar auction and may terminate this 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 Units of capacity

- 2.1 Bids will be made by completing the forms in the attached Appendix 2. Bids must be returned to SONI by the Bid Submission Time.
- 2.2 Secondary trading in acquired rights is permitted in accordance with the provisions of Clause 15 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 as soon as practically possible but in any event by the Auction Result Notification Time.
- 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 Units of capacity and Pass Through Charges

- 4.1 Bids received by SONI are binding and, if accepted, represent an obligation to pay for the Units of 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 (set out at Appendix 2) 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 Period in respect of 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 SONI for further information.
- 4.4 From October 2010 TNUoS charges are no longer payable by interconnectors (and in turn their users) to NG. The key point to note for this capacity auction is no TNUoS charges will be passed through to users.

5. Trading Requirements in Northern Ireland, Ireland and Great Britain

- 5.1 Allocation of Units of Contracted Capacity under these arrangements does not give any MICH the right to submit Commercial Offer Data to the Market Operator in respect of Units of capacity. A MICH only has that right if it is a party to the SEM TSC and has an Interconnector Unit registered in respect of the Moyle Interconnector.
- 5.2 A MICH only has the right to submit Commercial Offer Data to the Market Operator in respect of Interconnector Units pursuant to the SEM TSC 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 5 of the Agreement. The MICH must also ensure that they have completed MITS registration with SONI in accordance with the Moyle Interconnector Procedures as published by SONI.
- 5.6 Any MICH who has Units of Contracted Capacity that it does not wish to use may assign those Units of Contracted Capacity to any person

with the prior written consent of Moyle in accordance with Clause 15.3 and Schedule 4 of the Agreement. . Only the Assignee may submit Commercial Offer Data to the Market Operator in respect of Interconnector Units for use of that capacity. The MICH remains liable to pay Capacity Charges.

6. Submission and Evaluation of Bids

- 6.1 Bidders must have executed the Agreement before participating in this Auction. 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 and at least twenty four hours in advance of the Bid Submission Time at the following address:

Moyle Interconnector Limited
The Arena Building
85 Ormeau Road
Belfast
BT7 1SH

Phone: 028 9043 7587
Fax: 028 9024 9673
e-mail: paddy.larkin@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. 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 do not need to register their intention to bid with SONI. However Bidders should ensure well in advance of Bid Submission Time that they are indeed eligible to bid in the auction. Bids from ineligible Bidders will be rejected. If in doubt Bidders should contact SONI or Moyle to check their eligibility to bid. A bidder cannot withdraw from the Auction process 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

Commercial 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
Commercial 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 the Interconnector Administrator - Bid by [Name of bidder] in relation to the Moyle Interconnector Capacity Auction closing [Bid Submission Time]". The envelope must state a return address.
- 6.7 Bids will be opened by SONI in the presence of a representative of the Authority.
- 6.8 Bids will be evaluated according to the following evaluation criteria:
- (a) 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);
 - (b) Value of bid to Moyle; and
 - (c) (where relevant) type of Unit of capacity.
- 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 rank, accept or reject any bid.

- 6.10 Bids for Units of capacity will be ranked in the order of the highest minimum value to Moyle. The minimum value to Moyle will be determined on the basis of £/MW-month as bid for Standard Units of capacity. If the rank orders of bids 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 that in the discretion of SONI provide the greater potential value to Moyle. In the event of bid prices and types of Units of capacity 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.
- 6.12 Modified Interconnector Unit Nominations submitted in respect of Interconnector Units shall be calculated in accordance with the SEM TSC and Moyle shall have no liability in respect of such allocations.

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 as soon as reasonably practical but in any event by the Auction Result Notification Time 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 average successful bid price in £/MW-month (evaluated as described in paragraph 6.10 for each product) and the Units of 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 Interconnector Users 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 SEM TSC is subject to Modification in accordance with its terms. Bidders will be bound by such Modifications.
- 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 Auction and may also conduct other sales of additional Units of 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 Auction including in the event of its cancellation.
- 8.9 Bidders should note that the allocation of Moyle Interconnector Units of capacity by means of this Auction implements the “relevant access arrangements” established by Moyle and approved by the Authority in accordance with Condition 17 of Moyle’s Transmission Licence.
- 8.10 Interconnector Losses shall be as published on SONI’s website, currently as follows:

Moyle	1.8% in either direction
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Bidders should note that this loss figure has been reviewed in the light of expected trading across the Moyle Interconnector in 2010-11. The figure will continue to be kept under review and any further change will be published on SONI’s website. Moyle capacity values as set out in the relevant access arrangements apply at the connection point of the Auchencrosh converter station to the Scottish transmission system.

These losses are incorporated into the Auchencrosh Transmission Loss Adjustment Factor (TLAF) used in the SEM TSC.

Bidding Rules

The Auction of Units of capacity on the Moyle Interconnector will take place in accordance with the parameters set out in this Appendix. The Auction will allocate capacity for import to Northern Ireland (NI) and export to Scotland.

A. Standard Units of import capacity

Each Standard Unit of import capacity will have an annual capacity profile of 5 MW into Northern Ireland, which will apply whenever the total Available Transfer Capacity (“ATC”) is 410 MW in Summer and 450 MW in Winter. When the total ATC is less than 410 MW in Summer and 450 MW in Winter, the capacity of each Unit will be reduced in accordance with the SEM TSC and the Moyle Interconnector Procedures.

B. Standard Units of export capacity

Each Standard Unit of export capacity will have an annual capacity profile of 5 MW out of Northern Ireland, at all times while the ATC is as set out below:

Month	Export capacity available to interconnector users
May - August	287 MW
September - April	295 MW

When the total ATC is less than that set out above, the capacity of each Unit will be reduced in accordance with the SEM TSC and the Moyle Interconnector Procedures.

C. Types of capacity

The types of available capacity for sale are as follows:

- 1 Standard Moyle Import Capacity for the Relevant Period.
- 2 Standard Moyle Export Capacity for the Relevant Period.

D. Reserve Prices

The Reserve Price for Standard Capacity Contracts offered will be £0.01 per MW month.

E. Bids - Submission and Evaluation

Entities that 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 type or types of Units of capacity and may submit bids for up to the full amount of available capacity in that cohort. Capacity bids should be submitted on the attached bid forms as follows:

- BID FORM 1: Standard Moyle Import Capacity for the Relevant Period.
- BID FORM 2: Standard Moyle Export Capacity for the Relevant Period.

F. Capacity Allocation

The Authority reserves the right to limit the capacity allocation made to any party and its related entities.

Appendix 2

Schedule

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

To SONI
Castlereagh House
Commercial Office
12 Manse Road
Castlereagh
Belfast
BT6 9RT.

From

Company:	
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Address:	

Telephone:	
Fax:	
e-mail:	

Date:	
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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.

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.

Signed:	
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Bid Form 1

Name of Bidder _____

Standard Import Capacity for

Relevant Period : 06:00 1st July 2011 to immediately before 06:00 1st October 2011

Capacity Unit	Standard Moyle Import (10 MW)	<i>SONI Use Only</i> Bid Status
	Price (£/MW-month) £0.01 minimum	
1.		
2.		

Bid Form 2

Name of Bidder _____

Standard Export Capacity for

Relevant Period : 06:00 1st July 2011 to immediately before 06:00 1st October 2011

Capacity Unit	Standard Moyle Export (5 MW)	<i>SONI Use Only</i> Bid Status
	Price (£/MW-month) £0.01 minimum	
1.		