

## **MOYLE INTERCONNECTOR LIMITED**

### **Moyle Interconnector Import Capacity, Moyle Interconnector Export Capacity**

**1 April 2005 – 31 March 2008**

## **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 Ofreg 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 auctions for capacity rights in respect of periods which will commence at 06:00 hours on 1<sup>st</sup> April 2005. 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 Ofreg do not make any representation, warranty or undertaking, express or implied, in or in relation to these Interconnector Capacity Auctions and no responsibility or liability is or will be accepted by Moyle, SONI or Ofreg 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 these Interconnector Capacity Auctions is to give potential Capacity Holders an opportunity to facilitate the 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 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](http://www.soni.ltd.uk)). Moyle and SONI will not be obliged to accept bids from any person who does not submit two completed and duly executed copies of the Agreement to Moyle so that they are received by 17:00 hours on Wednesday 1<sup>st</sup> December 2004. Bidders should note that the Agreement provides that capacity holders 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 Ofreg.
- 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 Ofreg to any person.
- 1.9 Certain legislative, regulatory and other arrangements may need to be implemented before these Interconnector Capacity Auctions can be completed. SONI reserves the right not to proceed with the Interconnector Capacity Auctions or any part of them or any similar auction and may terminate this Interconnector Capacity Auction process at any time, with the agreement of Ofreg.
- 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 2. Bids must be returned to SONI by 10:00 hours on 8<sup>th</sup> December 2004 for the first iteration, by 10:00 hours on 15<sup>th</sup> December 2004 for the second iteration and, assuming a third iteration is necessary, by 10:00 hours on 20<sup>th</sup> December 2004 for that iteration.
- 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 17:00 hours on 8<sup>th</sup> December 2004 for the first iteration, by 17:00 hours on 15<sup>th</sup> December 2004 for the second iteration and, assuming a third iteration is necessary, by 17:00 hours on 20<sup>th</sup> December 2004 for that iteration.
- 3.2 Ofreg 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 acquired capacity 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 capacity holder'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 from April 2005 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 It is expected that from 1<sup>st</sup> April 2005, the British Electricity Trading and Transmission Arrangements ("BETTA") will come into effect in Great Britain. At that time, National Grid Company plc ("NGC") will become

the Great Britain System Operator (“GBSO”), which role will include that of system operator of the transmission system of Scottish Power Transmission Limited (“SPT”) in the south of Scotland, to which the Moyle Interconnector is connected. It is expected that Moyle’s existing contract with SPT for the use of system rights on the SPT transmission system to enable transport of electricity to or from its Auchencrosh Converter Station will be required to be superseded by a corresponding contract with NGC. It is therefore expected that the Transmission Use of System (“TUoS”) Charges now payable by Moyle to SPT will, as from 1<sup>st</sup> April 2005, be replaced by Transmission Network Use of System (“TNUoS”) charges payable to NGC.

- 4.5 The TNUoS charges payable to NGC will be set out in NGC’s charging statement following its approval by Ofgem, the electricity and gas regulator in Great Britain. NGC’s charging methodology and charging statement proposed to be effective from 1<sup>st</sup> April 2005 has been submitted to Ofgem for approval. Bidders are referred to NGC’s website for further information.
- 4.6 Moyle will pay to NGC the relevant elements of the NGC TNUoS charges, which are currently proposed to include both demand and generation charges (corresponding to Moyle import and export respectively). Capacity Holders 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 NGC are the sole responsibility of Capacity Holders.

## **5. Traders**

- 5.1 Allocation of capacity under these arrangements does not give any Applicant the right to submit a nomination to SONI - under the Interim Settlement Code. An Applicant 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. The Interim Settlement Agreement can be located on SONI’s website.
- 5.2 An Applicant also 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 An Applicant 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.

5.4 Any Applicant (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 Applicant 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 Applicant 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  
3 Wellington Park  
Malone Road  
Belfast  
BT9 6DJ

Phone: 028 9092 3341  
Fax: 028 9092 3381

To ensure that Moyle has time to acknowledge receipt of satisfactorily executed Agreements, Moyle and SONI will not be obliged to accept bids from any person who does not submit executed Agreements in accordance with this paragraph 6.1 by 17:00 hours on Wednesday 1<sup>st</sup> December 2004. 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 Friday 3<sup>rd</sup> December 2004. Bidders should register by sending a letter, facsimile or E-mail in the form of the attached Bidder Registration Letter (Appendix 3) to SONI, at the address, fax number or e-mail address set out in 6.2. Only bidders who have registered by that date will be eligible to participate in any of the first, second or third iterations. 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](mailto:interconnectorauctions@soni.ltd.uk)

6.3 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.

6.4 Late Bid Forms will be rejected and returned to the bidder unopened. Neither Moyle nor SONI nor Ofreg shall have any liability to the bidder in the event that a late Bid Form is rejected and returned.

6.5 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 Auctions closing 10:00 hours, 8<sup>th</sup> December 2004, 10:00 hours, 15<sup>th</sup> December 2004 or 10:00 hours 20<sup>th</sup> December 2003" as appropriate. The envelope must state a return address.

- 6.6 Bids will be opened by SONI in the presence of a representative of Ofreg.
- 6.7 Bids will be evaluated according to the following evaluation criteria:
- (a) Price bid; and
  - (b) 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 Ofreg and is unqualified and unconditional; and whether the bid price exceeds the reserve price).
- 6.8 Any acceptance or rejection of any bid shall be at the sole discretion of SONI, acting in consultation with Ofreg and Moyle. 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 nor Ofreg shall have any liability to the bidder whatsoever in relation to any decision to accept or reject any bid.
- 6.9 A pro rata allocation methodology will be used to allocate Units of capacity where bid prices are the same and there are not enough Units available to accept all the bids at that price. The 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.
- 6.10 Any allocation of Units made in accordance with the procedure described in paragraph 6.8 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 17:00 hours on the relevant 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 After each round, SONI will publish the average successful bid price for each product. 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 Ofreg.
- 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 Applicant 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 Ofreg, 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 Ofreg 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 SONI reserves the right to conduct another auction of capacity Units unsold in these Interconnector Capacity Auctions 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 Ofreg are not liable for any cost or expense incurred by or on behalf of bidders in connection with these Interconnector Capacity Auctions including in the event of their 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 Ofreg in accordance with Condition 17 of Moyle’s Transmission Licence.

8.11 Interconnector Losses shall be as follows:

Moyle                      2.26% in either direction

Moyle capacity values apply at the connection point of the Auchencrosh converter station to the Scottish transmission system.

### Bidding Rules

The Auctions of Capacity on the Moyle Interconnector will take the following form. Bidders should note that a multi-stage auction process will be employed. The available interconnector capacities will be divided over two separate auctions, to be held seven days apart. Any unsold capacity in the first auction will become available again under the same product in the second iteration. A third or residual auction may be held if the auction does not clear in round two. Any Moyle Import capacity left over from the second iteration will automatically become 1 year Moyle Import to be auctioned in the third iteration. The auctions will allocate Moyle Import to Northern Ireland (NI) and Moyle Export to Scotland, in Bid Form A for the first iteration, Bid Form B for the second iteration and, if necessary, Bid Form C for the third iteration.

### 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.

### Moyle Capacity Units

Each Unit, for which bids are now invited, 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.

### **Capacity Types**

The types of available capacity for sale are as follows:

- (1) Three Year Moyle Import
- (2) Two Year Moyle Import
- (3) One Year Moyle Import
- (4) One Year Moyle Export

### **Reserve Prices**

The Reserve Prices for Moyle three, two and one year products will be £1,750 per MW month in October 2002 money values.

The reserve prices will be indexed in line with RPI. The October 2002 Index was 177.9 and the October 2004 Index was 188.6.

## 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.

Capacity bids should be submitted on the bid forms marked “Bid Form A, ” and “Bid Form B” and “Bid Form C” overleaf. Auction bids will be evaluated according to the following:

### 1. **Moyle Import (1 year); Moyle Import (2 year); Moyle Import (3 year)); Moyle Export (1 year)**

Bids for these capacity types shall be submitted on Bid Forms A, B and C. 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. Ofreg reserves the right to limit the capacity allocation made to any parties and its related entities.

Levels of available capacity

<b>Product (MW)</b>	<b>First Iteration</b>	<b>Second Iteration</b>	<b>Third Iteration (residual)</b>
Three Year Moyle Import	20	20	N/a
Two Year Moyle Import	20	20	N/a
One Year Moyle Import	40	40	Remaining
One Year Moyle Export	80	Remaining	Remaining

### **Bid Ranking:**

All valid bids for each capacity type will be ranked in order of bid price. Any unsold capacity in the first iteration will become available again under the same product type in the second iteration. If there is any Moyle Import capacity left over after the second iteration it will all become 1 year Moyle import for the third iteration.

### 2. **Two and Three Year Products**

Prices are to be bid for the two and three year Moyle Import products on the basis that the price to be paid will be indexed against the RPI value in October each year. For example, in year two, a bidder will pay actual bid price for year one uplifted by RPI between October 2004 and October 2005.

**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](mailto:interconnectorauctions@soni.ltd.uk)

**From** ..... **Date** .....

Address .....

.....

Fax:

E-mail:

I 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 1 April 2005.

I understand that capacity allocated to me 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 – First Iteration (8<sup>th</sup> December 2004)

Capacity Unit	3 Year Moyle Import (20MW)	2 Year Moyle Import (20MW)	1 Year Moyle Import (40MW)	1 Year Moyle Export (80MW)
	Price	Price	Price	Price
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
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23.				
24.				
25.				
26.				
27.				
28.				
29.				
30.				
31.				
32.				
33.				

Each Unit of Moyle Capacity has a maximum value of 5 MW with an annual profile as described above.

## Bid Form B – Second Iteration (15<sup>th</sup> December 2004)

Capacity Unit	3 Year Moyle Import (20MW)	2 Year Moyle Import (20MW)	1 Year Moyle Import (40MW)
	Price	Price	Price
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
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30.			
31.			
32.			
33.			

Each Unit of Moyle Capacity has a maximum value of 5 MW with an annual profile as described above.

**Bid Form C – Third Iteration (20<sup>th</sup> December 2004)**

<b>Capacity Unit</b>	<b>1 Year Moyle Import Price</b>
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	

\* available capacity Units to be confirmed after second iteration.

Each Unit of Moyle Capacity has a maximum value of 5 MW with an annual profile as described above.



**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](mailto:interconnectorauctions@soni.ltd.uk)

**From** ..... **Date** .....

Address .....

.....

Fax:

E-mail

**I 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**

### **Moyle Interconnector Capacity and Energy Reallocations**

The following sets out the Capacity Allocation Calculation Rules and Within Day Energy Revision Calculation for the Moyle Interconnector. 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 Capacity Holders, 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 <sup>1</sup>	55.56 <sup>2</sup>	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 80MW

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

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

<sup>2</sup>MICH2 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.