

# **MOYLE INTERCONNECTOR**

## **Access Rules**

**Issue 1.0**

**(Approved)**

## Contents

SECTION A: GENERAL INTRODUCTION.....	8
Rule A1: Introduction.....	8
Scope.....	8
Structure.....	8
Rule A2: Parties and participation.....	9
Participation in Auctions and Use of Interconnector Capacity.....	9
Operator.....	9
Moyle User Forum.....	9
Rule A3: Definitions and interpretation.....	9
Definitions.....	9
Interpretation.....	9
Time.....	9
Rule A4: Amendment.....	10
Amendment.....	10
Effective time.....	10
Application.....	10
User comments.....	10
Amendments due to legal requirements.....	11
Rules approval.....	11
Business process timings.....	11
Long Term products.....	11
SECTION B: RULES APPLICABLE TO PARTICIPATION.....	12
Rule B1: Introduction.....	12
Scope.....	12
Structure.....	12
Rule B2: Participation Requirements.....	12
Eligibility.....	12
Eligibility Notice.....	13
Suspension and Reinstatement.....	13
Regulatory and legal requirements.....	13
Costs of participation.....	13
Collusion.....	13
Other issues.....	13
Rule B3: Moyle Interconnector User Agreement.....	14
Application for an agreement.....	14
Form of Application Form.....	14
Return of agreements.....	14
Additional information.....	14
Refusal.....	14
Costs of application.....	15
Information provided by Applicants and Users.....	15

Accuracy and completeness.....	15
Rule B4: User Systems .....	15
General requirement.....	15
Interfaces with the Auction Management Platform, SEM and BETTA systems .....	16
Interface testing .....	16
Security and confidentiality of communications.....	16
Training .....	16
SECTION C: FINANCIAL MATTERS APPLICABLE TO THESE RULES .....	17
Rule C1: Introduction.....	17
Scope .....	17
Structure .....	17
Rule C2: Invoicing and Payment.....	17
Obligation to pay independent of use .....	17
Currency .....	17
Invoices.....	17
Payment of invoices.....	18
Payment disputes .....	19
Late payments .....	19
Payment Incident.....	19
Taxes .....	20
Rule C3: Payment Security .....	20
Credit Cover for Users .....	20
Form of Credit Cover .....	20
Amount of Credit Cover .....	21
Auction Credit Limit.....	22
Changes to Credit Cover .....	22
Calls on Credit Cover.....	23
Credit Cover Renewal.....	23
Credit Cover Incident .....	23
SECTION D: AUCTION RULES .....	24
Rule D1: Introduction.....	24
Scope .....	24
Structure .....	24
Rule D2: Types of Auctions.....	24
Types of Auctions .....	24
What will be auctioned?.....	24
Separate and concurrent Auctions .....	25
Acquisition of Units .....	25
Publication of Preliminary Results .....	25
Checking of the Results by Users .....	25
Publication of Final Results .....	26
Electronic operation of the Auctions .....	26

Fall back procedure in case of an Auction Management Platform failure .....	26
Cancellation, suspension, deferral .....	26
Rule D3: Long Term Auctions .....	27
Application .....	27
Dates of Auctions.....	27
Volumes .....	27
Auction Specification .....	28
Bidding Period .....	28
Rule D4: Daily Auctions.....	29
Introduction .....	29
Timing .....	29
Offered Capacity.....	29
Auction Specifications.....	29
Bidding Period .....	29
Rule D5: Intraday Auctions.....	30
Introduction .....	30
Rule D6: Submission of Bids.....	31
Introduction .....	31
Nature of Bids and Set of Bids .....	31
Requirements for Bids .....	31
Registration of Bids.....	32
Rejection of Bids .....	32
Taxes .....	32
Manifest Error .....	32
Record of Bids Received .....	32
Default Bids.....	32
Rule D7: Allocation.....	33
Determination of Auction Results .....	33
SECTION E: CAPACITY USAGE RULES.....	35
Rule E1: Introduction.....	35
Scope.....	35
Structure .....	35
Rule E2: Interconnector Capacity Entitlement (ICE).....	35
Introduction .....	35
Interconnector Capacity Entitlement (ICE) .....	35
Rule E3: Long Term Capacity Nominations .....	36
Principles applicable to Long Term Capacity Nominations .....	36
Electronic submission of Long Term Capacity Nominations .....	36
Default Long Term Capacity Nominations.....	37
Communications Failure .....	37
Cancellation of a Long Term Capacity Nomination Gate Closure.....	37
Business Rules for use of Interconnector Capacity.....	37

Allocation of Deemed Metered Volumes .....	37
Submission of Physical Notifications .....	37
Potential limitation to the operation of the Interconnector .....	38
Restrictions on use .....	38
Rule E4: Secondary Market .....	38
Introduction .....	38
Electronic operation of the Secondary Market.....	38
Resale.....	39
Conditions.....	39
Resale Request .....	39
Conditions of withdrawal.....	40
Effect of Resale Request.....	40
Nature of relationship.....	40
Obligations of the Operator.....	40
Effect of allocation of Resale Units .....	40
Payment.....	40
Effect on Unit Holder's rights and obligations.....	41
Cancellation of an Auction including Units resulting from a Resale .....	41
Invoicing and payment.....	41
Capacity Transfer .....	41
Conditions.....	41
Timing .....	42
Capacity Transfer Notice .....	42
Capacity Transfer Confirmation / Acknowledgment .....	42
Effect of Capacity Transfer .....	43
Rule E5: Use-It-or-Sell-It (UIOSI).....	43
Introduction .....	43
Use-It-or-Sell-It applying to Long Term Nominations .....	43
Impact of Daily Auction Cancellation on the application of UIOSI.....	44
Impact of Intraday Auction Cancellation .....	44
Rule E6: Outages .....	44
Introduction .....	44
Annual Indicative Outage Schedule .....	44
Updates.....	44
Changes.....	44
Unexpected availability .....	44
Forced Outages and Trips .....	45
Rule E7: Curtailment .....	45
Curtailment.....	45
Curtailment in respect of an NTC Reduction .....	45
Rule E8: Curtailment Reconciliation.....	46
Introduction .....	46

Rule E9: Interconnector Capacity Payments .....	46
Interconnector Capacity Payments .....	46
Rule F1: Introduction .....	47
Scope .....	47
Structure .....	47
Rule F2: Notices and other communications .....	47
Language .....	47
Contact details .....	47
Method and time of delivery .....	47
Rule F3: Confidentiality .....	48
Obligation of confidentiality .....	48
Exceptions .....	48
Term of confidentiality .....	48
Rule F4: Assignment and subcontracting .....	49
Operator Assignment .....	49
User Assignment .....	49
Capacity Subcontracting Arrangement .....	49
Rule F5: Force Majeure .....	49
Definition of Force Majeure .....	49
Notification .....	49
Suspension of the obligations .....	50
Other consequences of Force Majeure .....	50
Termination .....	50
Rule F6: Termination and suspension .....	50
Introduction .....	51
Termination by mutual consent .....	51
Suspension by the Operator .....	51
Termination by the Operator .....	52
Preservation of rights .....	53
Rule F7: Liability .....	53
Liability for breach .....	53
Death and personal injury .....	53
Excluded losses .....	54
Indemnity .....	54
General .....	54
Rule F8: Dispute Resolution .....	54
Application .....	54
Debt Proceedings .....	54
Prescribed procedure .....	55
Amicable resolution .....	55
Arbitration .....	55
Other issues .....	55

Rule F9: Miscellaneous .....	55
Governing law .....	55
Language .....	55
Intellectual Property .....	56
Relationship and nature of rights .....	56
No third party rights .....	56
Waiver .....	56
Variation .....	56
No advice .....	56
Entire agreement .....	57
Remedies exclusive .....	57
Severance of terms .....	57
Schedule 1: Definitions and interpretation .....	58
Part I: Definitions .....	58
Part II: Interpretation .....	67
Schedule 2: Form of Moyle Interconnector User Agreement .....	69
Schedule 3: Standing Data .....	
Schedule 4: Business Rules for Use of Interconnector Capacity .....	78
Schedule 5: Deemed Metered Volume Allocation .....	82
Schedule 6: List of Long Term products .....	83
Schedule 7: Standard Letter of Credit .....	84
Schedule 8: Form of Guarantee .....	87
Schedule 9 Moyle Interconnector Framework Deed .....	93
Schedule 10 Transparency .....	99

## **SECTION A: GENERAL INTRODUCTION**

### **Rule A1: Introduction**

#### **Scope**

A1.1 These Rules set out:

- (a) the procedures for auctioning rights to use Interconnector Capacity;
- (b) the terms on which Users may participate in Auctions; and
- (c) the terms for use of Interconnector Capacity.

#### **Structure**

A1.2 The Rules are divided into six sections as follows:

- (a) Section A: General Introduction;
- (b) Section B: Rules Applicable to Participation;
- (c) Section C: Financial Matters Applicable to these Rules;
- (d) Section D: Auction Rules;
- (e) Section E: Capacity Usage Rules; and
- (f) Section F: General Conditions.

A1.3 The Rules also contain ten Schedules as follows:

1. Definitions and Interpretation;
2. Form of Moyle Interconnector User Agreement;
3. Standing Data;
4. Business Rules for Use of Interconnector Capacity;
5. Deemed Metered Volume Allocation;
6. List of Long Term Products;
7. Standard Letter of Credit
8. Form of Guarantee
9. Moyle Interconnector Framework Deed
10. Transparency

## **Rule A2: Parties and participation**

### **Participation in Auctions and Use of Interconnector Capacity**

A2.1 A person wishing to participate in any Auction and/or Secondary Market, and wishing to use Interconnector Capacity shall comply with Rule B2 [Participation Requirements] and agrees to be bound by and comply with these Rules.

A2.2 For the avoidance of doubt and notwithstanding anything else in these Rules, a person wishing to use Interconnector Capacity in the Single Electricity Market (SEM) or wishing to participate in any Implicit Intraday Auction in the SEM will be required to accede to the SEM Trading and Settlement Code.

### **Operator**

A2.3 The Operator is issuing these Rules in its capacity as owner and operator of the Interconnector.

A2.4 The Operator may commission a third party to operate the interconnector and operate and administer the Auctions and/or the processes in relation to the Secondary Market and Nominations on behalf of the Operator.

### **Moyle User Forum**

A2.5 The Operator will from time to time, and at least once per year, invite Users to meet with the Operator to discuss future Auctions and the commercial and operational aspects in relation to the Interconnector. Details of those who may attend the meetings, the agenda and location will be notified by the Operator within a reasonable time before the meeting.

## **Rule A3: Definitions and interpretation**

### **Definitions**

A3.1 In these Rules, unless the context otherwise requires, capitalised words and phrases have the meaning given to them in Part I of Schedule 1 [Definitions].

### **Interpretation**

A3.2 The rules of interpretation applicable to these Rules are set out in Part II of Schedule 1 [Interpretation].

### **Time**

A3.3 All timings referred to within these Rules are Greenwich Mean Time (GMT) or British Summer Time (BST) as applicable, unless otherwise stated.

## **Rule A4: Amendment**

### **Amendment**

A4.1.1 Subject to Rule A4.6 the Operator is entitled to amend these Rules from time to time by giving an Amendment Notice to Users.

A4.1.2 Nothing in this Rule A4 [Amendment] shall prevent a User from proposing in writing amendments to these Rules at any time.

A4.1.3 In the event that a Rule amendment is proposed by a User, the Operator shall, within five (5) Business Days, confirm receipt of the proposed amendment and provide timescales for consideration of the proposal.

### **Effective time**

A4.2 Subject to Rule A4.5 [Amendments due to legal requirements], an amendment made under Rule A4.1.1 [Amendment] takes effect from the later of:

- (a) the start of the Trading Day commencing ten (10) Business Days after the Amendment Notice is notified to Users by the Operator; or
- (b) the date and time specified in the Amendment Notice.

### **Application**

A4.3.1 Each amendment applies to any aspect of these Rules, including but not limited to all Auctions conducted after the date on which the amendment takes effect.

A4.3.2 Unless expressly stated otherwise by the Operator, the amended Rules shall govern all rights to use Interconnector Capacity and all other rights and obligations acquired under these Rules including those acquired before but for use after the amendment takes effect.

A4.3.3 Any amendment of these Rules will apply automatically on the date notified to the User without the need for the User to sign the amended Rules but without prejudice to the User's right to request termination of its User Agreement in accordance with Rule F6.2 [Termination by mutual consent].

### **User comments**

A4.4 Before making any amendment to these Rules under Rule A4.1.1 [Amendment], the Operator will, unless the amendment is deemed by the Operator to be urgent or trivial in its nature, give Users a reasonable opportunity, and in any event not less than fifteen (15) Business Days, to review and give written comments to the Operator on the proposed amendment. If the Operator decides to modify a proposed amendment as a result of comments from Users, it may, in its absolute discretion, give Users a further opportunity to review and comment on the modified proposals under this Rule indicating timescales for provision of such comments.

### **Amendments due to legal requirements**

A4.5 These Rules are subject to the law prevailing at the time at which they take effect. In the event that there is a change in law or any action by Competent Authorities at national or international level which have an effect on these Rules then, notwithstanding any other provision of these Rules, the Rules will be amended accordingly and, where possible, pursuant to this Rule A4 [Amendment].

### **Rules approval**

A4.6 These Rules are approved by the relevant regulatory authorities. Accordingly, any Amendment Notice will be issued to Users only after such approval(s) (as required) has/have been received by the Operator. Following receipt of such approval(s) the amended Rules will be published on the Operator's website.

### **Business process timings**

A4.7 Schedule 4 [Business Rules for Use of Interconnector Capacity] contains the main timings of the Moyle processes. Modifications may be made to this Schedule 4 by the Operator to reflect changes on the Auction Management Platform, in the Single Electricity Market (SEM) and/or changes to Moyle operational practices by giving at least ten (10) Business Days notice to Users.

### **Long Term products**

A4.8 Schedule 6 [List of Long Term products] contains the list of Long Term products available on the Interconnector at the time of entry into force of these Rules. Modifications may be made to Schedule 6 by means of notification on the Operator's website and the Auction Management Platform and/or as specified in the relevant Auction Specification.

## **SECTION B: RULES APPLICABLE TO PARTICIPATION**

### **Rule B1: Introduction**

#### **Scope**

B1.1 This Section B of the Rules sets out rules which are applicable to participation by Users in Auctions, the Secondary Market and the Long Term Nominations process.

#### **Structure**

B1.2 Section B is divided into four Rules as follows:

- (a) Rule B1: Introduction;
- (b) Rule B2: Participation Requirements;
- (c) Rule B3: Moyle Interconnector User Agreement; and
- (d) Rule B4: User Systems.

### **Rule B2: Participation Requirements**

#### **Eligibility**

B2.1 To be eligible to participate in the Auctions, the Secondary Market and Long Term Nominations process, a person, and/or its associated third party, must satisfy the following conditions:

- (a) be a party to the User Agreement;
- (b) not have had its eligibility to participate suspended under Rule F6.3.1 [Suspension by the Operator] (unless it has been reinstated under Rule B2.3) [Suspension and Reinstatement];
- (c) have complied with any Payment Security requirements in accordance with Rule C3 [Payment Security];
- (d) have given its Standing Data to the Operator in accordance with Rule B3.8 [Information provided by Users];
- (e) have established its interface between its User System and the Auction Management Platform and SEM systems in accordance with Rule B4 [User Systems];
- (f) be a party to the following agreements:
  - (i) [a Use of System Agreement];
  - (ii) the Moyle Interconnector Framework Deed
  - (iii) a Framework Agreement established under the SEM Trading and Settlement Code;
  - (iv) a Framework Agreement established under the CUSC; and

(v) a Framework Agreement as defined in the Balancing and Settlement Code.

### **Eligibility Notice**

B2.2.1 A User may not submit any Bid in an Auction and/or participate in the Secondary Market and/or, as the case may be, nominate, until the Operator has provided the User with a notice ("Eligibility Notice") stating that the Operator is satisfied that the User has complied with the requirements of Rule B2.1 [Eligibility].

B2.2.2 A User shall immediately and in any case before submitting any Bid in an Auction and/or participating in the Secondary Market and/or, as the case may be, nominating, acknowledge receipt of the Eligibility Notice by e-mail and upon such receipt the Eligibility Notice will take effect.

B2.2.3 Once the Eligibility Notice is effective, the User is eligible to participate in Auctions and the Secondary Market and/or, as the case may be, to make Long Term Nominations.

### **Suspension and Reinstatement**

B2.3 A User, in receipt of a notice under Rule F6.3.1 [Suspension by the Operator], is prohibited from submitting Bids in any Auction and/or participating in the Secondary Market and/or, as the case may be, nominating, from the date its eligibility is suspended until the Operator acknowledges receipt of a further Eligibility Notice.

### **Regulatory and legal requirements**

B2.4 It is the responsibility of each User to ensure that it has complied with all requirements, including Applicable Laws; the requirements of any Competent Authority, and obtained all necessary authorisations in connection with its participation in Auctions and its use of Interconnector Capacity.

### **Costs of participation**

B2.5 All Users will participate in Auctions and/or the Secondary Market and/or, as the case may be, Long Term Nominations, at their own cost, expense and risk. The Operator will not be liable to any person (including Users) for any cost, claim, or expense of any User in connection with the User participating in Auctions and the Secondary Market and/or, as the case may be, Long Term Nominations.

### **Collusion**

B2.6.1 There must be no collusion by any User with any other User and Users must not otherwise seek improperly to influence the outcome of any Auction. Where in its opinion collusive or other improper behaviour may have occurred or be occurring, the Operator will refer the matter to the relevant Competent Authority and, upon decision of the Competent Authority that the User's behaviour is unlawful, may disqualify the relevant Bids.

### **Other issues**

B2.6.2 All Users participate in Auctions on the terms of these Rules and the relevant Auction Specifications.

## **Rule B3: Moyle Interconnector User Agreement**

### **Application for an agreement**

B3.1 Any person (“Applicant”) may apply to enter into a User Agreement by submitting a completed Application Form to the Operator together with all the appropriate information and documents required by the Application Form.

B3.2 The Applicant must complete one Application Form only and can only enter into one User Agreement at any one time. These documents shall apply until terminated in accordance with the terms of these Rules and may be amended from time to time.

### **Form of Application Form**

B3.3 The form of the Application Form and the requirements for its completion will be specified by the Operator from time to time. As a minimum, the Application Form will require the Applicant to:

- (a) identify itself and provide its contact details and names of authorised representatives;
- (b) agree to be bound by and comply with Rule B3.7 [Costs of application].

### **Return of agreements**

B3.4 Once the Applicant has submitted an Application Form and sent the relevant information required under this Rule B3 [Moyle Interconnector User Agreement], the Applicant shall sign the User Agreement and send it in triplicate to the Operator. The Operator will return one executed copy of the User Agreement to the Applicant concerned in conjunction with the Eligibility Notice on the day of accession. Execution of the User Agreement by the Operator will not waive any Eligibility Condition and does not in itself confer Eligibility or indicate compliance with any other Eligibility Condition.

### **Additional information**

B3.5.1 The Operator may ask an Applicant to provide additional or outstanding information reasonably required to enable it to execute the User Agreement (for example if the Applicant fails to include all necessary information with its Application Form). In such case, the twenty (20) Business Days referred to in Rule B3.4 [Return of Agreements] ceases to run from the date of the request until the information is provided.

B3.5.2 An Applicant shall provide additional or outstanding information to the Operator within twenty (20) Business Days of the Operator request for additional or outstanding information, beyond which time the Operator will deem the application to be withdrawn.

### **Refusal**

B3.6 The Operator may refuse to enter into the User Agreement with an Applicant:

- (a) if the Operator has previously terminated the User Agreement with the Applicant pursuant to Rule F6 [Termination and suspension] as a result of a failure by the User (as it was at the time) to pay any amount owed under or in connection with these

Rules and the User has not paid all amounts owed by it to the Operator in connection with that termination;

- (b) if the act of the Applicant causes the Operator to breach any condition of the Interconnector Licences granted to it by the relevant regulatory authorities in Northern Ireland and GB; or
- (c) if the act of the Applicant causes the Operator to breach any applicable legal requirement.

### **Costs of application**

B3.7 Applicants apply for eligibility to participate in Auctions at their own cost and expense.

### **Information provided by Applicants and Users**

B3.8.1 Applicants and Users must provide the Operator with the data and information in Schedule 3 (“Standing Data”) before they are eligible to participate in any Auction. Initially, the information will be provided by Users in their Application Forms.

B3.8.2 An Applicant or a User must notify the Operator if there is any change to the Standing Data at least ten (10) Business Days before the change comes into effect and, where that is not possible, as soon as practicable after the User becomes aware of the change.

B3.8.3 An Applicant or User must notify the Operator via the Auction Management Platform if it does not consent to the Operator publishing its name as a Unit Holder for the facilitation of the Secondary Market. For the avoidance of doubt, an Applicant or User need only send notification of lack of its consent in this regard once in relation to all subsequent Auctions and/or the Secondary Market. An Applicant or User may subsequently decide to allow publication of its name by notifying the Operators accordingly.

B3.8.4 Pursuant to any notification sent by the User in accordance with Rule B3.8.3 [Information provided by Users], such notification will be reflected in the Auction Management Platform and SEM systems, where relevant, as soon as practicable and in any event within two (2) Business Days of the receipt of the notification.

### **Accuracy and completeness**

B3.9 Each User is responsible for all data and other information that it provides to the Operator pursuant to these Rules (including information in its Application Form) and must ensure that all data and other information that it provides to the Operator remains accurate and complete in all material respects and must promptly notify the Operator of any change.

## **Rule B4: User Systems**

### **General requirement**

B4.1 Each User must establish and maintain, at its own cost, its own User Systems. The Operator shall have no liability in the event that the User’s System fails, for any reason, to communicate with the Auction Management Platform and, where applicable, SEM and BETTA systems.

## **Interfaces with the Auction Management Platform, SEM and BETTA systems**

B4.2 The Operator will give Users the information (including updates as applicable) reasonably necessary to enable User Systems to interface with the Auction Management Platform.

### **Interface testing**

B4.3.1 Each User must demonstrate to the reasonable satisfaction of the Operator its ability to exchange information with the Auction Management Platform before being eligible to participate in the Auctions, the Secondary Market, and/or the Long Term Nominations process.

B4.3.2 The Operator shall use reasonable endeavours to facilitate access to Applicants to the Auction Management Platform for testing.

### **Security and confidentiality of communications**

B4.4.1 The Operator may from time to time, where reasonably necessary for the purpose of protecting the security and authenticity of communications under these Rules, including those between the Auction Management Platform, and where applicable SEM, BETTA and User Systems, establish communication protocols and standards with which Users must comply.

B4.4.2 Users accept that data sent to the Auction Management Platform and, where applicable, SEM and BETTA systems is binding, and that Users are fully responsible for those individuals who have access to the Auction Management Platform and, where applicable, SEM and BETTA systems on behalf of the User.

### **Training**

B4.5.1 Standard Training for the use of the Auction Management Platform is available to the User upon request to the Operator. The Operator will discuss with the User the training required in order to determine the nature and extent of such request. When the scope of the required training is agreed, the Operator will use reasonable endeavours to organise such Standard Training to commence within ten (10) Business Days of such agreement, the duration of which Standard Training to be a maximum of two (2) days.

B4.5.2 Standard Training for the use of AMP is available to Users free of charge.

B4.5.3 Standard Training for the use of the SEM and BETTA systems may be addressed by the relevant market operator in SEM and BETTA.

## **SECTION C: FINANCIAL MATTERS APPLICABLE TO THESE RULES**

### **Rule C1: Introduction**

#### **Scope**

C1.1 This Section C of the Rules sets out Rules which are applicable to invoicing, payments and payment security.

#### **Structure**

C1.2 Section C is divided into three Rules as follows:

- (a) Rule C1: Introduction;
- (b) Rule C2: Invoicing and Payment; and
- (c) Rule C3: Payment Security.

### **Rule C2: Invoicing and Payment**

#### **Obligation to pay independent of use**

C2.1 Each User must pay the Operator within the specified timeframes the Unit Prices for all Unit Quantities acquired even if all or some of the Units have been Resold or Capacity Transferred as set out in Rule E4 [Secondary Market], or if the User does not use the corresponding Interconnector Capacity.

#### **Currency**

C2.2 All prices and payments set out according to Rule C2 [Invoicing and Payment] are indicated and shall be paid in Pounds.

#### **Invoices**

C2.4.1 Unless notified otherwise, the Operator will invoice the User for the Units acquired in the direction "Northern Ireland to Great Britain", and the Operator will invoice the User for the Units acquired in the direction "Great Britain to Northern Ireland".

C2.4.2 No later than the 11th Business Day of each month M, the Operator will send by email (or by any other means as indicated from time to time by the Operator) to the User an invoice notification that the invoice is available, with a backup version using post or facsimile, stating:

- (a) the monthly instalments payable by the User in respect of the portion related to month M+1 of Long Term Units, the Product Period of which is equal or greater than one month, and the allocation of which will have taken place before the 3<sup>rd</sup> Business Day of month M. The monthly instalment payable is calculated as the product of the Unit Quantity and the Unit Price across the total Product Period, prorated by one month over the total number of months in the Product Period, rounded down to the nearest penny for each monthly instalment, with the balance in the last monthly instalment. For example, a Unit with Product Period of a Trading Year allocated before the 3<sup>rd</sup>

Business Day of December will be invoiced in twelve (12) monthly instalments, starting in December and ending in November of the following year;

- (b) the monthly instalments payable by the User in respect of the portion related to month M of Long Term Units, the Product Period of which is equal or greater than one month, and the allocation of which will have taken place after or on the 3rd Business Day of month M-1. The monthly instalment payable is calculated according to the same rule as in Rule C2.4.2(a);
- (c) the amount payable by the User in respect of Units, the Product Period of which is less than one (1) month and starts in month M-1, calculated as the product of the Unit Quantity and the Unit Price;
- (d) the monthly instalments payable by the Operator to the User in respect of the portion related to month M+1 of Units resold in Long Term Auctions, the Product Period of which is equal or greater than one month, and the allocation of which will have taken place before the 3rd Business Day of month M. The monthly instalment receivable is calculated as the product of the Resold Unit Quantity and the Unit Resale Price, prorated by one month over the total number of months in the Product Period, rounded down to the nearest penny for each monthly instalment, with the balance in the last monthly instalment. For example the Resale of a Unit having a Product Period from January to March is credited in three (3) monthly instalments, starting in December the year before and ending in February;
- (e) the monthly instalments payable by the Operator to the User in respect of the portion related to month M of Units resold in Long Term Auctions, the Product Period of which is equal or greater than one month, and the Resale of which will have taken place after or on the 3rd Business Day of month M-1. The monthly instalment receivable is calculated according to the same rule as in Rule C2.4.2(d);
- (f) the amount payable by the Operator in respect of the Units resold in Auctions, the Product Period of which is less than one month and starts M-1, calculated as the product of the Resold Unit Quantity and the Unit Resale Price;
- (g) the amount payable by the Operator in respect of Unused Units (as set out in Rule E5.2) [Use-It-or-Sell-It], and in respect of Trading Days within M-1, calculated as the product of the Unused Unit Quantity and the corresponding Auction Price of the Auction at which the Unused Units are re-allocated;
- (h) any amounts payable or credits due to the User by the Operator under Rule E8 [Curtailed Reconciliation];
- (i) any amount payable by the User to the Operator for any training requested by the Users, in addition to the Standard Training provided to the use of the Auction Management Platform pursuant to Rule B4.5 [Training];
- (j) any Taxes payable by the User or the Operator in respect of amounts in the invoice;
- (k) the total amounts payable by the User to the Operator under that invoice (or receivable by the User from the Operator under that invoice); and
- (l) any other information legally required to be included in the invoice.

C2.4.3 Where an invoice issued by the Operator does not contain full background data for the derivation of invoice summary amounts, then the User may consult the Auction Management Platform to obtain such background data.

#### **Payment of invoices**

C2.5.1 In case of a debit, the User must pay the full value invoiced to it under this Rule C2 [Invoicing and Payment] in full, free of any charge, set off or counterclaim, by the due date for payment, even if it disputes any amount in the invoice, by making payment to the bank account notified from time to time to the User by the Operator for the purpose of these Rules.

C2.5.2 In case of a credit, the Operator reserves the right to offset any money that is due to it before it is obliged to pay the value invoiced to it under this Rule C2 [Invoicing and Payment] in full, free of any charge, set off or counterclaim, by the due date for payment, unless it disputes any amount in the invoice, by making payment to the bank account notified from time to time to the Operator by the User for the purpose of these Rules.

C2.5.3 Payments are due no later than fourteen (14) Calendar Days after the date of issuance of the invoice. If the day that payment is due is not a Business Day, then the payment is due on the next Business Day.

### **Payment disputes**

C2.6.1 Subject to Rule C2.8 [Payment Incident], if a User disputes an invoice (or credit note) rendered under this Rule C2 [Invoicing and Payment], then it must as soon as practicable and in any event within ten (10) Business Days after the date of issuance of the invoice (or credit note) notify the Operator by registered mail of the nature of the dispute and the amount in dispute. The notification of a dispute does not suspend any obligation to pay the amounts invoiced. If the User and the Operator are unable to resolve the difference within ten (10) Business Days of the notice then such difference will constitute a Dispute which will be submitted for resolution in accordance with Rule F8 [Dispute resolution].

C2.6.2 If it is agreed or determined pursuant to Rule F8 [Dispute resolution] that an amount paid by the User was not properly payable then the Operator will refund such amount including interest to the User no later than twenty (20) Business Days after the agreement or determination.

C2.6.3 If it is agreed or determined pursuant to Rule F8 [Dispute resolution] that an amount paid by the Operator was not properly payable then the User will refund such amount including interest to the Operator no later than twenty (20) Business Days after the agreement or determination.

### **Late payments**

C2.7 Without prejudice to the other rights of the Operator and Users, interest will be charged or will charge (as the case may be) without further notice on amounts due for payment by a User or by the Operator but unpaid at the date due for payment at a default rate which is three percentage points per annum above the base lending rate of the Bank of Ireland from the date due for payment until the date paid. Interest will be charged without further notice. Interest will be increased to include taxes and levies in force.

### **Payment Incident**

C2.8.1 Without prejudice to the other rights of the Operator, if all amounts due for payment by the User to the Operator are not paid in full by the User within five (5) Business Days after the due date for payment, the Operator will register a Payment Incident and inform the User by formal notice.

C2.8.2 Immediately after registering a Payment Incident pursuant to Rule C2.8.1 [Payment Incident], the Operator may invoke the Credit Cover.

C2.8.3 From the day of notice of a Payment Incident, the rights of the User to participate in Auctions or in the Secondary Market and to Nominate the Units that are the subject of the

Payment Incident may be suspended by the Operator as set out in Rule F6. This suspension will run until the two following conditions are cumulatively met:

- (a) The User pays the Operator all overdue invoices and all interests for late payments,
- (b) the User readjusts its Credit Cover as necessary to the level required pursuant to Rule C3.5 to cover its unpaid commitments.

Provided that the two above conditions are met, the User is entitled to request the Operator to end its suspension. The Operator will formally end the suspension by notice to the User as described in B2.3

C2.8.4 The User agrees that, at anytime during the period of suspension of this User pursuant to rule C2.8.3, the Operator may Resell the Units acquired by it and that are the subject of the Payment Incident. In this event the proceeds of the Resale shall not be returned to the User, and the Operators shall not be liable for any direct or indirect loss or liabilities which the User may suffer or incur as a result of a Resale under this Rule.

## **Taxes**

C2.9 Taxes at the rate and to the extent applicable will be applied to all amounts invoiced under these Rules.

## **Rule C3: Payment Security**

### **Credit Cover for Users**

C3.1.1 Unless otherwise agreed by the Operator at its sole discretion, if at the beginning of any Product Period, the User does not have an Approved Credit Rating, then by the date of commencement of the Product Period (or such later date as is agreed by the Operator at its sole discretion) the User must provide the Credit Cover. If at any time during any Product Period the User ceases to have an Approved Credit Rating, it must within 10 Business Days of so ceasing, provide the Credit Cover.

### **Form of Credit Cover**

C3.2 If the User is required to provide Credit Cover, it must deliver to the Operator and subsequently maintain security against payment default in the form of:

- (i) a Letter of Credit; or
- (ii) a cash deposit in an interest bearing joint Deposit Account; or
- (iii) such other form as the Operator agrees (which may, if agreed by the Operator include a parent company guarantee from an entity that has an Approved Credit Rating (“**Guarantor**”) in favour of the Operator in the form set out in this document)

as security for payment of all monies due to the Operator under this Agreement and the User Agreement. The amount of the Credit Cover must be the amount calculated under C3.5.

C3.3.1 If the Credit Cover is provided in the form of a Letter of Credit, the letter:

- (a) shall be issued by a Credit Cover Provider fulfilling the Bank Eligibility Requirements set out in paragraph C.3.3.2 below;
- (b) shall be in the form attached in Schedule 7 “Standard Letter of Credit”;

- (c) must have a Validity Period extending until at least one month after the first date on which the User, if its Bid is accepted, would be required to make a payment of an instalment for the Units acquired; and,
- (d) shall be capable of being paid out for Same Day Value following a call on the Credit Cover.

C.3.3.2 The guarantor or issuer of Letter of Credit must be a 'Qualifying Issuer'. "Qualifying Issuer" means a legal person which either:

- (a) possesses a current A rating or better awarded by Standard & Poor's Rating Services or a current A2 rating or better awarded by Moody's Investors Service. Inc. in respect of its most recent unsecured (and unsubordinated) long term debt issue on any capital market or, if the said agencies should both cease to publish such ratings, possesses an equivalent rating from another ratings agency of equal repute; or
- (b) is otherwise approved by the Operator and, is permitted to accept deposits pursuant to Part IV of the Financial Services and Markets Act, 2000.

C3.4.1 In respect of Credit Cover that is provided by means of cash on deposit,;

- (a) the account must be with a bank which complies with the criteria for a Credit Cover Provider as per C.3.3.2 above.
- (b) the account must be in the joint name of both the Operator and the User;
- (c) interest on the amount deposited in the account accrues for the benefit of the User, after deduction for any tax or bank charges;
- (d) the Operator and the User have irrevocably instructed the bank to make a payment against the sole signature of the Operator.
- (e) the bank has agreed that the amounts deposited in the account must not be set off or otherwise applied by the bank in respect of any indebtedness of the User or other person; and
- (f) amounts (other than interest) standing to the credit of the account will not be paid to the User without the prior written agreement of the Operator;

C3.4.2 In the event that:

- (i) the Guarantor ceases to hold an Approved Credit Rating; or
- (ii) the issuer of the Letter of Credit under C3.3.2 ceases to be a Qualifying Issuer;

then the User shall within 2 Business Days procure that the Operator is the beneficiary of either (i) a replacement guarantee complying with the provisions of C3.2 or (ii) a Letter of Credit or replacement letter of credit (as the case may be) substantially in the form set out in Schedule 7 issued by a Qualifying Issuer.

#### **Amount of Credit Cover**

C3.5 The amount of Credit Cover required to be provided on any day ("D") during a Product Period shall be not less than the User's aggregate liability for capacity charges during the three Month period commencing on day D.

### **Auction Credit Limit**

C3.6 An Auction Credit Limit is calculated for each User in respect of each Auction. The Auction Credit Limit is calculated as follows:

$$ACL = CC - UNL$$

Where:

CC is Credit Cover, as confirmed in place immediately prior to the Auction commencement; and

UNL = Unpaid Net Liabilities.

Unpaid Net liabilities shall be calculated as:

$$UNL = UL - UC$$

Where:

UL = Unpaid liabilities, the User's aggregate liability for capacity charges during the three month period commencing on day D.

UC = Unpaid Compensations in respect of Units Resold and Unused Units, calculated at the commencement of the Auction in question. In respect of Units resold in Auctions of Product Period greater than one (1) month, up to three (3) continuous months of liability will be considered in this calculation from the day of Resale of the Unit until the day of payment of the last instalment of this Unit.

For the purpose of the Auction Credit Limit calculation, unpaid liabilities and unpaid compensations are increased to include the taxes and levies in force.

C3.7 The potential maximum commitment associated with any Bid, taking into account taxes and levies in force, will be assessed against the Auction Credit Limit. In the case of Long Term Auctions with a Product Period greater than one (1) month, up to three (3) months of potential maximum commitment associated with the Bid will be considered. (For example, in an Auction with a Product Period of a year where the Auction Credit Limit is three hundred Pounds (£300), bids will be accepted without generating a warning message in accordance with Rule 3.8 up to a level that creates a total Product Period commitment of one thousand and two hundred Pounds (£1,200)).

C3.8 Any Bid into a Long Term Auction that breaches the Auction Credit Limit shall generate a warning message to communicate that insufficient Credit Cover is in place in respect of potential liabilities arising from that Long Term Auction.

C3.9 Any Bid submitted to an Auction will be used to calculate a revised Auction Credit Limit for any concurrent Auction.

### **Changes to Credit Cover**

C3.10 A User may increase its Credit Cover. The increased Credit Cover shall be reflected in the User's Auction Credit Limit:

- (i) at the time specified by the User and approved by the Operator; or
- (ii) in the absence of any time specified by the User, within two (2) hours of the Operator's approval.

The Operator shall approve or reject all changes to Credit Cover within two (2) Business Days.

C3.11 A User may at any time request a decrease of its Credit Cover, such request to specify a certain time in the future at which such decrease in credit cover is requested to take effect. All such requests must be received and approved by the Operator. Provided that the reduced value at the specified time does not cause the Auction Credit Limit to be reduced below zero

(0) at such specified time then the requested decrease shall be approved by the Operator, otherwise the request shall be rejected by the Operator.]

C3.12 Where a User has requested a decrease of Credit Cover, and where such request has been approved by the Operator pursuant to Rule C3.11 [Changes to Credit Cover] the Credit Cover will be released to the User within ten (10) Business Days of the approval.

#### **Calls on Credit Cover**

C3.13.1 The Operator is entitled to call the Credit Cover of a User in the event of a Payment Incident pursuant to Rule C2.8 [Payment Incident].

C3.13.2 If the Credit Cover of a User is called in accordance with Rule C3.13.1 [Calls on Credit Cover], and where such call would cause the Auction Credit Limit to fall below zero (0), the User shall restore the Credit Cover to at least the minimum amount required by Rule C3.5 [Amount of Credit Cover] within two (2) Business Days of the call.

#### **Credit Cover Renewal**

C3.14 If the Credit Cover of a User, in the form of a Letter of Credit, is due to expire, the User shall renew the Credit Cover to at least the minimum amount required by Rule C3.5 [Amount of Credit Cover] and with a Validity Period no shorter than that specified in Rule C3.3 [Form of Credit Cover], not less than thirty (30) Business Days before it is due to expire.

#### **Credit Cover Incident**

C3.15.1 Without prejudice to the other rights of the Operator, if Credit Cover is not provided within 10 Business Days of the User ceasing to have an Approved Credit Rating in accordance with Rule C3.1.1 if the Credit Cover is not renewed in accordance with Rule C3.14 [Credit Cover Renewal] or not restored in accordance with Rule C3.13.2 [Calls on Credit Cover] or a substitute Letter of Credit is not procured in accordance with C3.4.2 [Form of Credit Cover], the Operator will register a Credit Cover Incident and inform the User by formal notice.

C3.15.2 From the day of notice of a Credit Cover Incident, the rights of the User to participate in Auctions or in the Secondary Market and/or to nominate Units may be suspended as set out in Rule F6.3.1(a) and F6.3.1(b) [Suspension by the Operator]. This suspension will run until the User restores its Credit Cover to the minimum amount required pursuant to Rule C3.5 [Amount of Credit Cover] and the User's eligibility is reinstated as described in B2.3 [Suspension and Reinstatement].

C3.15.3 The User agrees that, at anytime during its suspension pursuant to Rule C3.15.2 [Credit Cover Incident], the Operator may resell the Units that such User is prohibited from using during the period of such suspension in accordance with Rule F6.3.1 [Suspension by the Operator]. In this event the proceeds of the Resale shall not be returned to the User, and the Operator shall not be liable for any direct or indirect loss or liabilities which the User may suffer or incur as a result of a resale under this Rule.

## **SECTION D: AUCTION RULES**

### **Rule D1: Introduction**

#### **Scope**

D1.1 This Section D of the Rules sets out the Rules relating to the Auction processes.

#### **Structure**

D1.2 Section D is divided into seven Rules as follows:

- (a) Rule D1: Introduction;
- (b) Rule D2: Types of Auctions;
- (c) Rule D3: Long Term Auctions;
- (d) Rule D4: Daily Auctions;
- (e) Rule D5: Intraday Auctions;
- (f) Rule D6: Submission of Bids;
- (g) Rule D7: Allocation;

### **Rule D2: Types of Auctions**

#### **Types of Auctions**

D2.1.1 Subject to Rule D2.8 [Electronic operation of the Auctions], the Operator will use the following procedures for Auctions:

- (a) Auctions for Long Term Units, using the procedure described in Rule D3 [Long Term Auctions];
- (b) Auctions for Daily Units, using the procedure described in Rule D4 [Daily Auctions];  
and
- (c) Auctions for Intraday Units, using the procedure described in Rule D5 [Intraday Auctions].

D2.1.2 Auctions for Long Term and Daily Units referred to above are closed Auctions (i.e. Auctions are for Interconnector Capacity only and Users have no visibility of other Users' Bids).

#### **What will be auctioned?**

D2.2 Each Auction will be of Units. Units will be divided into categories as specified by the Operator by designating, in respect of each category of Unit:

- (a) the direction of Units in that category, which will either be "Northern Ireland to Great Britain" or "Great Britain to Northern Ireland";
- (b) the duration of the Product Period of Units in that category;

- (c) the applicable Unit Validity Times of Units being sold in a relevant Auction;
- (d) any other terms applicable to that category of Unit; and
- (e) the Planned Outage Periods, if any.

### **Separate and concurrent Auctions**

D2.3 Each category of Unit will be auctioned separately. Units having non-overlapping Unit Validity Times may be auctioned in the same Auctions. Separate Auctions may be conducted concurrently.

### **Acquisition of Units**

D2.4 Where the Operator accepts any Bid by allocating one or more Units to a User in accordance with these Rules, then the User will acquire such Unit(s) for the Unit Price on the terms and conditions of these Rules and the relevant Auction Specification. The rights and obligations of Unit Holders are set out in these Rules.

### **Publication of Preliminary Results**

D2.5.1 The Preliminary Results will be published only on the Auction Management Platform:

- (a) for each Long Term Auction as soon as practicable and within two (2) hours after the end of the Bidding Period;
- (b) for each Daily Auction as soon as practicable and within thirty (30) minutes after the end of the Bidding Period.

D2.5.2 The Preliminary Results are non-binding and shall be for information purposes only.

D2.5.3 Each User may consult only its own Preliminary Results on the Auction Management Platform. The Preliminary Results are detailed per Auction and per User.

D2.5.4 Should the Operator not publish the Preliminary Results within the relevant timeframe, the Operator will keep the Users informed of the new timeframe of publication and/or any other consequences related to the relevant results.

D2.5.5 Publication for Intraday Auctions shall be covered in the SEM Trading and Settlement Code.

### **Checking of the Results by Users**

D2.6.1 The User agrees to check the Auction results and, where reasonably appropriate, query Long Term and Daily Auction results within the times as follows:

- a) For Long Term Auctions: no later than two (2) hours after the deadline for the Auction Preliminary Results have been published on the Auction Management Platform;
- b) For Daily Auctions: no later than ten (10) minutes after the Auction Preliminary Results have been published on the Auction Management Platform.

This time for checking is referred to in the Auction Management Platform as "Contestation Period".

D2.6.2 Any query pursuant to D2.6.1 has to be marked as such, supported with full details and be sent by email to the Operator. Only queries where the User believes there is an error in the Auction results shall be considered.

D2.6.3 If the User does not query the Auction result within the times specified in D2.6.1 and under the conditions specified above, the User agrees that it loses all rights to query such Auction results.

D2.6.4 The Operator shall endeavour to reply to the User no later than:

- a) One (1) Business Day after receipt of the query for Long Term Auctions;
- b) Two (2) hours after receipt of the query for Daily Auctions.

### **Publication of Final Results**

D2.7.1 The Operator will publish on the Auction Management Platform the Final Results:

- (a) for each Long Term Auction as soon as practicable and within thirty (30) minutes after the end of the Period dedicated to checking of Auction results;
- (b) for each Daily Auction as soon as practicable and within thirty (30) minutes after the end of the Period dedicated to checking of Auction results.

D2.7.2 Subject to Clause D2.10.1 the Final Auction Results are binding.

D2.7.3 The Final Results shall comprise:

- (a) each User's own Final Results, available only to that User on the Auction Management Platform, with the number of Units allocated to that User in the Auction and the Unit Prices;
- (b) the Auction's statistics, available to all Users on the Auction Management Platform, which shall comprise at least the Auction Price and the total number of allocated Units;
- (c) unless otherwise notified by the User in respect of Rule B3.8.3 [Information provided by Users], the Operator may publish a list of Units Holders for facilitation of the Secondary Market.

D2.7.4 Should the Operator not publish the Final Results within the relevant timeframe, the Operator will keep Users informed of the new timeframe of publication and/or any other consequences related to the relevant results.

D2.7.5 Publication for Intraday Auctions shall be covered in the SEM Trading and Settlement Code.

### **Electronic operation of the Auctions**

D2.8 Auctions will be conducted electronically via the Auction Management Platform except in case of an Auction Management Platform failure as described in Rule D2.9 [Fall back procedure in case of an Auction Management Platform failure].

### **Fall back procedure in case of an Auction Management Platform failure**

D2.9 If the Auction Management Platform fails, and in the reasonable opinion of the Operator it is not practical to conduct an Auction electronically, the Operator may allocate the Units using a procedure for conducting the Auctions by email or fax to be specified by the Operator.

### **Cancellation, suspension, deferral**

D2.10.1 In the unlikely event of unavailability or technical difficulties, the Operator may be forced to cancel an Auction:

- (a) before and during the course of the Auction itself: Users are informed by a message that appears directly on the Auction Management Platform or by an electronic message;
- (b) after the Preliminary Auction Results have been published, in the event of erroneous Results: Users are informed by an electronic message. The Results of the Auction are thereupon cancelled;
- (c) after the Final Auction Results have been published, in the event of erroneous Results: Users are informed by an electronic message, corresponding Units are reduced to zero (0) and Rules E7 [Curtailement] and E8 [Curtailement Reconciliation] will be applied as if a Capacity Shortage has occurred under Rule E7 [Curtailement].

D2.10.2 The Operator shall notify Users as soon as possible of the reasons which caused the Auction cancellation.

D2.10.3 The Operator may defer the dates or times of an Auction by notifying Users of the revised date or time of such Auction. In this event, the Bidding Period will open and close at the revised time as notified by the Operator. Only Bids submitted during the revised Bidding Period and confirmed by the Operator will be valid.

D2.10.4 If the fallback procedure described in D2.9 [Fall back procedure in case of an Auction Management Platform failure] cannot, in the reasonable opinion of the Operator, and based on objective grounds (for example due to a lack of time or to technical difficulties), be implemented as necessary to enable an Auction to be conducted, the Auction will be deferred.

D2.10.5 If deferral of an Auction is not considered by the Operator as being possible, based on objective grounds (for example due to a lack of time or to technical difficulties), the Auction will be cancelled and all Bids already submitted will automatically be cancelled.

D2.10.6 The effect of a cancelled auction on Resales and UIOSI are specified in Rules E4.3.17 [Cancellation of an Auction including Units resulting from a Resale] and E5.2.3 [Impact of Daily Auction cancellation on the application of UIOSI].

### **Rule D3: Long Term Auctions**

#### **Application**

D3.1.1 The Operator will conduct Long Term Auctions in accordance with this Rule D3 [Long Term Auctions] for Units having a Product Period longer than one (1) Trading Day.

D3.1.2 The list of Long Term products available at the time of entry into force of these Rules is annexed in Schedule 6 [List of Long Term Products].

#### **Dates of Auctions**

D3.2 The Operator will give reasonable notice of Long Term Auctions referred to in Rule D3.1 [Application] by publishing, before the end of the calendar year, a provisional calendar with the dates of all Long Term Auctions for the following calendar year.

#### **Volumes**

D3.3 The number of Units auctioned in a Long Term Auction will include:

- (a) a proportion (as determined by the Operator) of the available Interconnector Capacity (in the form of Units) not already allocated to Users; and
- (b) Resale Units (if any) made available for Resale at such Long Term Auctions pursuant to Rule E4 [Secondary Market].

### **Auction Specification**

D3.4.1 At least five (5) Business Days before the day of the start of the Bidding Period of a Long Term Auction, the Operator will publish the initial Auction Specification for that Long Term Auction stating in particular:

- (a) the code identifying the Auction in the Auction Management Platform;
- (b) the category of Units being auctioned (see Rule D2) [Types of Auctions];
- (c) the provisional number of Units to be made available in the Long Term Auction, coming from a proportion (as determined by the Operator) of the available Interconnector Capacity not already allocated to Users;
- (d) the Product Period of the Units, by specifying the time and date on which the right to use the Units commences and the time and date on which the right to use the Units ends;
- (e) if necessary, any Planned Outage Period(s) associated with this Product Period;
- (f) the Unit Validity Times;
- (g) the dates and times of the Bidding Period for that Auction; and
- (h) any other relevant information or terms applicable to the Units or the Auction.

The Offered Capacity in this initial Auction Specification does not include Units submitted by any Unit Holder for Resale at this Long Term Auction.

D3.4.2 At least thirty (30) minutes before the opening of the Bidding Period of a Long Term Auction, the Operator will publish the final Auction Specification for that Long Term Auction stating in particular:

- (a) the number of Units to be made available in the Auction, comprising of:
  - (i) the proportion (as determined by the Operator) of the available Interconnector Capacity not already allocated to Users; and
  - (ii) valid Resale Requests submitted for this Long Term Auction in accordance with Rule E4.3 [Resale]; and
- (b) any other update of relevant information or terms applicable to the Units or the Auction.

### **Bidding Period**

D3.5 The Bidding Period for each Long Term Auction will be at such times specified by the Operator in Schedule 4 [Business Rules for User of Interconnector Capacity] of these Rules or in the relevant Auction Specification. In case of contradiction between the times specified in Schedule 4 and in the relevant Auction Specification, the Auction Specification shall prevail.

## **Rule D4: Daily Auctions**

### **Introduction**

D4.1 The Operator will conduct Daily Auctions, for Units having a Product Period of a Trading Day, in accordance with this Rule D4 [Daily Auctions].

### **Timing**

D4.2.1 The Daily Auction(s) held on day "D-1" is/are for Units relating to use of Interconnector Capacity on the Trading Day commencing at 06:00hrs on day "D".

D4.2.2 Daily Auctions are held seven (7) days a week, including weekend and public holidays, provided that the Offered Capacity for Daily Auctions is at least of one (1) Unit (to the extent that the Interconnector Capability permits, and subject to the outcome of UIOSI processes pursuant to Rule E5).

### **Offered Capacity**

D4.3 The total Offered Capacity for any Trading Day in Daily Auctions will include:

- (a) available Interconnector Capacity (in the form of Units) not already allocated to Users and that is not unavailable due to Outages and/or due to the application of Curtailment;
- (b) Unused Units (if any) that have become available for the Daily Auctions pursuant to Rule E4 [Secondary Market] or Rule E5 [UIOSI] and that are not unavailable due to Outages and/or due to the application of Curtailment.

### **Auction Specifications**

D4.4 No later than fifteen (15) minutes before opening of the Bidding Period of a Daily Auction, the Operator will publish the Auction Specification for that Daily Auction stating:

- (a) the code identifying that Auction in the Auction Management Platform;
- (b) the category of Units being auctioned (see Rule D2) [Types of Auction];
- (c) the number of Units being auctioned;
- (d) the Product Period for the Auction, by stating the Trading Day on which the Unit can be used;
- (e) the Unit Validity Times;
- (f) the times of opening and closure of the Bidding Period for that Auction; and
- (g) any other relevant information or terms applicable to the Units or the Auction.

### **Bidding Period**

D4.5 The Bidding Period for each Daily Auction will be at such times specified by the Operator in Schedule 4 [Business Rules for User of Interconnector Capacity] of these Rules or in the relevant Auction Specification. In case of contradiction between the times specified in Schedule 4 and in the relevant Auction Specification, the Auction Specification shall prevail.

## **Rule D5: Intraday Auctions**

### **Introduction**

D5.1.1 The Single Electricity Market Operator (SEMO) will facilitate Intraday Auctions in the Single Electricity Market (SEM) in accordance with this Rule D5 and the rules applicable in the SEM Trading and Settlement Code.

D5.1.2 Netting (or superpositioning) of capacity in two opposite directions (Northern Ireland-Great Britain and Great Britain-Northern Ireland) shall be employed, in order to maximise capacity available to Users.

### **Frequency**

D5.2.1 Intraday Units can be allocated in one or more Intraday Auctions.

D5.2.2 Separate Intraday Auctions may be conducted each day for each category of Intraday Unit.

D5.2.3 Intraday Auctions are held seven (7) days a week including weekend and public holidays, provided that the Offered Capacity for Intraday Auctions is at least of one (1) Unit (to the extent that the Interconnector Capability permits).

D5.2.4 Intraday Units will be allocated on day "D- 1" and on day "D", in accordance with this Rule D5, and pursuant to the number of auctions and times of Intraday Auctions which are set out in Schedule 4 [Business Rules for User of Interconnector Capacity].

### **Timing**

D5.3.1 There are three Gate Windows (EA1, EA2 and WD1) in respect of each Trading Day, each of which is defined by a Gate Window Opening and Gate Window Closure which are set out in Schedule 4 [Business Rules for User of Interconnector Capacity].

D5.3.2 Each Gate Window relates to an associated Trading Window, for which data submitted by the Gate Window Closure will apply.

D5.3.3 Each Trading Window within the relevant Trading Day will have an associated Optimisation Time Horizon.

D5.3.4 The Trading Window for EA1 and EA2 will be for the full Trading Day. The Trading Window for WD1 relates to the second half of the Trading Day from 18.00 to 06.00 as set out in Schedule 4 [Business Rules for User of Interconnector Capacity].

### **Offered Capacity**

D5.4.1 Interconnector Unit bidding in the EA1 Gate Window is restricted to Unit Holders.

D5.4.2 Interconnector Unit bidding in the EA2 and WD1 Gate Windows extends the allocation of unused interconnector capacity to any Interconnector Unit, with no requirement for that Interconnector Unit to be a Unit Holder.

D5.4.3 Subject to D5.4.5, Interconnector Units allocated from the EA1 MSP Software Run (MIUNs) are fixed in the EA2 and WD1 MSP Software Runs.

D5.4.4 Subject to D5.4.5, Interconnector Units allocated from the EA2 MSP Software Run (MIUNs) are fixed in the WD1 MSP Software Runs.

D5.4.5 Although the MIUNs are fixed, if the ATC changes this will result in scaling of the MIUNs.

## **Rule D6: Submission of Bids**

### **Introduction**

D6.1 Bids in Auctions must be submitted in accordance with this Rule D6 [Submission of Bids].

### **Nature of Bids and Set of Bids**

D6.2.1 A Bid or a Set of Bids become valid when acknowledged as such by the Operator.

D6.2.2 Each valid Bid or Set of Bids registered at closure of the Bidding Period will constitute an unconditional and irrevocable offer by the User to the Operator to buy Units up to the quantity and at prices up to those specified in the Bid or the Set of Bids and on the terms and conditions of these Rules and the relevant Auction Specification.

D6.2.3 Once submitted, a Bid or a Set of Bids cannot be withdrawn but the User may modify its previous Bid or Set of Bids at any time during the Bidding Period and may set its Bid or Set of Bids to zero. The modified Bid or Set of Bids will supersede the previous Bid or Set of Bids. Irrespective of whether the previous submission was a Bid or a Set of Bids, only the updated valid Bid or Set of Bids will be taken into account for the Auctions allocation.

### **Requirements for Bids**

D6.3.1 Each Bid must:

- (a) be submitted electronically using the Auction Management Platform during the Bidding Period as specified in Schedule 4 [Business Rules for User of Interconnector Capacity];
- (b) be in the form and include the information required by the Operator from time to time;
- (c) identify the User submitting the Bid, using the form of identification required by the Operator for the purposes of Auctions;
- (d) state the price for the Bid in Pounds. All prices bid must be to a maximum of two decimal places and must be a price per Unit for one hour of the Product Period of the Unit. Therefore, Units Prices for any Product Period will be a price per Mega Watt per hour (£/MW/h); and
- (e) state the number of Units being bid for.

D6.3.2 The User must not submit more than twenty (20) Bids within a Set of Bids for any Auction.

D6.3.3 The Users will submit their Bids either via the Auction Management Platform or by such other means as specified by the Operator from time to time, pursuant to Rule B4.2 [Interfaces with the Auction Management Platform, SEM and BETTA systems]. The format of such Bid submission shall be as specified by the Operator and pursuant to ENTSO-E recommendations or to any other technical requirements provided by the Operator.

## **Registration of Bids**

D6.4.1 Provided that the format of the Bid file is in a compliant format pursuant to Rule D6.3.3 [Requirements for Bids], the Operator will acknowledge receipt of Bids to Users by a message indicating whether the Bids have been correctly registered.

D6.4.2 Bids shall be registered in accordance with D6.2.1 [Nature of Bids and Set of Bids].

## **Rejection of Bids**

D6.5.1 The Operator may reject any Bid that:

- (a) causes the User to exceed its Auction Credit Limit, pursuant to Rule C3 [Payment Security] where the bid does not relate to a Long Term Auction; or
- (b) does not comply with the requirements of this Rule D6 [Submission of Bids]; or
- (c) is received from a User which is suspended pursuant to Rule F6.3.1 [Suspension by the Operator].

D6.5.2 The Operator will notify any User whose Bid is rejected as invalid and the reason of this rejection, as soon as reasonably practicable after the Bid is rejected.

## **Taxes**

D6.6 All Bid prices are deemed to be exclusive of Taxes.

## **Manifest Error**

D6.7.1 A Manifest Error means a human error in submitting Bids, if the price or the volume of the concerned Bid is unmistakably too high in comparison with Bids which are usually submitted for the concerned Auctions.

D6.7.2 In order to prevent a Manifest Error from occurring, the User is obliged to set his maximum bid parameters, price and volume, to the range within which parameters are allowed by the individual Participant. Any Bid outside of these bid parameters will be automatically rejected by the Auction Management Platform.

## **Record of Bids Received**

D6.8.1 The Operator will maintain a record of all Bids received.

## **Default Bids**

D6.9.1 The Users may define, at any time, in the Auction Management Platform, Default Bids for Auctions which shall be identified as such in the Auction Management Platform by the User.

D6.9.2 The User shall specify under the specific form its Default Bids and what Auction its Default Bids apply to.

D6.9.3 A Default Bid will apply automatically to each subsequent and relevant Auction. On the opening of a relevant Bidding Period, the registered Default Bid is considered as a Bid submitted by the User for the relevant Auction. This Bid is considered as a valid Bid once confirmed by the Operator. A Set of Default Bids may only be prepared with a maximum of twenty (20) Bids within the Set of Bids per Auction. In the event that more than twenty (20)

Bids are within the Set of Bids, the submission of such a Default Set of Bids will be invalid and therefore automatically rejected.

D6.9.4 If the number of Units submitted in a Default Bid for a given Auction is greater than the Offered Capacity of this Auction, the number of Units of the Bid resulting from this Default Bid is set at the value of the Offered Capacity of the relevant Auction.

D6.9.5 The User may modify a Bid resulting from a Default Bid for a specific Auction within the Bidding Period of such Auction.

D6.9.6 A User not wishing to submit a Default Bid on the Auction Management Platform anymore for a given Timescale must set the volume and the price of its Default Bids for this Timescale to zero.

## **Rule D7: Allocation**

### **Determination of Auction Results**

D7.1 After the close of the Bidding Period for an Auction, the Operator will determine such Auction results and allocate Units in accordance with this Rule D7 [Allocation].

D7.2 If the total number of Units for which valid Bids have been submitted is lower than or equal to the Offered Capacity for the relevant Auction, then all such valid Bids will be accepted and the Marginal Price will be zero.

D7.3 If the total number of Units for which valid Bids have been submitted exceeds the Offered Capacity for the Auction in question, the Marginal Price is equal to the lowest Bid price allocated in full or in part, and the Auction results are obtained using the methodology described below:

- (a) First, for each Auction the Operator ranks the valid Bids in decreasing Bid Price order. (Different Bids with the same Bid Price receive the same rank. Only valid Bids that comply with the terms of Rule D6 [Submission of Bids] are taken into account in this ranking).
- (b) The highest ranked valid Bid(s) received for a number of Units requested which in aggregate does(do) not exceed the Offered Capacity is (are) allocated. Any residual available Offered Capacity is then allocated to the next highest ranked valid Bid(s). If the number of Units requested in such next highest ranked valid Bid(s) does/do not exceed in aggregate the residual Offered Capacity, this process is then repeated for the remainder of the residual Offered Capacity;
- (c) Following the iterative process described in D7.3(b), when the number of Units requested under the next highest ranked valid Bid is equal to or greater than the residual Offered Capacity, the Bid is allocated either in full, or partially up to the limit of the residual Offered Capacity, as the case may be. The price of this Bid constitutes the Marginal Price;
- (d) If two (2) or more Users have submitted valid Bids with the same Bid price, for a total requested number of Units which exceeds the residual Offered Capacity, the residual Offered Capacity is allocated in proportion to the number of Units requested in the Bids by these Users, in Units of at least one (1) MW. The Units attributed are rounded down to the nearest Megawatt. The price of these Bids constitutes the Marginal Price.
- (e) Any remainder after the previous calculations is not allocated.

D7.4 The Units are deemed to have been allocated to a User after the publication of the Final Results of the relevant Auction.

D7.5 Users acknowledge and accept that their Bids may be partially accepted according to the methodology above.



## **SECTION E: CAPACITY USAGE RULES**

### **Rule E1: Introduction**

#### **Scope**

E1.1 This Section E of the Rules sets out terms for use of Interconnector Capacity.

#### **Structure**

E1.2 Section E is divided into nine Rules as follows:

- (a) Rule E1: Introduction;
- (b) Rule E2: Interconnector Capacity Entitlement (ICE);
- (c) Rule E3: Long Term Capacity Nominations;
- (d) Rule E4: Secondary Market;
- (e) Rule E5: Use-It-Or-Sell-It;
- (f) Rule E6: Outages;
- (g) Rule E7: Curtailment;
- (h) Rule E8: Curtailment Reconciliation; and
- (i) Rule E9: Capacity Payments

### **Rule E2: Interconnector Capacity Entitlement (ICE)**

#### **Introduction**

E2.1 Each Unit entitles the User that acquires it (whether at an Auction or in the Secondary Market) to use Interconnector Capacity by requesting, in accordance with Rule E3 [Long Term Capacity Nominations], an Energy Transmission of 1MW at the connection point at Auchencrosh but only:

- (a) in the direction specified for that category of Unit; and
- (b) in Settlement Periods during the Unit Validity Times of that Unit, and subject to and on the terms and conditions of these Rules including any Curtailment and as specified in the relevant Auction Specification.

E2.2 The Operator shall make available via the Auction Management Platform, the Users' summary of acquired Units for any given Trading Day.

#### **Interconnector Capacity Entitlement (ICE)**

E2.3.1 The ICE of a Unit Holder for a Trading Day in a Direction and per Timescale is a schedule showing, the total number of MW of Interconnector Capacity the Unit Holder is

entitled to during each hour of that Trading Day in that direction and for the relevant Timescale determined in accordance with these Rules.

E.2.3.2 The Operator will maintain a report detailing ICEs (ICE Portfolio) on the Auction Management Platform. This Portfolio will provide the latest ICE for each Unit Holder in accordance with Schedule 4 [Business Rules for User of Interconnector Capacity].

### **Rule E3: Long Term Capacity Nominations**

#### **Principles applicable to Long Term Capacity Nominations**

E3.1 For each hour in a Trading Day for which a Long Term ICE has been published by the Operator, each Unit Holder may nominate to the Operator an Energy Transmission up to but not exceeding the Unit Holder's Long Term ICE in the relevant direction in that hour.

E3.2 The Unit Holder shall nominate no later than the Long Term Nomination Gate Closure for all relevant hours as referred to in the Long Term ICE. The timescales for submitting Nominations are contained in Schedule 4 [Business Rules for Use of Interconnector Capacity].

E3.3 The Nomination for each hour in the Trading Day must be expressed in whole MW, with a single value, greater than or equal to zero, for each hour.

E3.4 The Operator will reject a Nomination in its entirety for the Trading Day where the corresponding Nomination(s) in one or more hours exceed(s) the User's Long Term ICE.

E3.5 Nominations can be changed by the User prior to the relevant Gate Closure but are not subject to any modification by the User after the relevant Gate Closure pursuant to Schedule 4 [Business Rules for User of Interconnector Capacity].

E3.6 In the absence of a Nomination by a Unit Holder in a direction, the corresponding Nominations are assumed to be equal to zero.

E3.7 The sum of a Unit Holder's Long Term Nominations and Daily ICEs will form its Active Capacity Holdings (ACH). The Operator shall submit to SEM the ACH Data for each Unit Holder prior to the first SEM Gate Closure (EA1). Information on the principles applicable to Intraday Nominations in SEM is provided under the SEM Trading and Settlement Code.

#### **Electronic submission of Long Term Capacity Nominations**

E3.8.1 Each User must notify its Nominations electronically.

E3.8.2 Nominations shall be submitted in the formats specified by the Operator and pursuant to ENTSO-E requirements and/or any technical requirements provided by the Operator to the Users.

E3.8.3 Subject to E3.4, and provided that the format of the Nomination is in accordance with E3.8.2, the Operator will acknowledge receipt of the Nomination to Users by a message indicating that the Nomination has been correctly registered.

E3.8.4 Only Nominations confirmed as correctly registered shall be valid.

### **Default Long Term Capacity Nominations**

E3.9.1 Default Nominations can be activated by the Unit Holder. Where they are activated, all Nominations would be automatically generated at the value of the ICE for each hour of that Trading Day.

E3.9.2 Unit Holders may activate Default Nominations independently for the Long Term timescale.

E3.9.3 The registered Default Nomination is considered as a schedule of Nominations submitted by the Unit Holder at the opening of the period for Nomination. This Nomination is considered as valid once confirmed as such by the Operator.

E3.9.4 The Unit Holder may modify the Nomination resulting from the Default Nomination within the relevant Nomination period.

E3.9.5 The Unit Holder may deactivate its Default Nomination on the Auction Management Platform at any time. Where such deactivation is during a relevant Nomination period, any existing valid Nomination resulting from a Default Nomination remains unchanged.

### **Communications Failure**

E3.10.1 In case of a problem of communication between the Unit Holder and the Auction Management Platform, the Unit Holder shall use an alternative valid means of communication (call and/or email, backed up by fax), other than the failed communication channel, and cover its own costs in doing so.

### **Cancellation of a Long Term Capacity Nomination Gate Closure**

E3.11 In the event of operational difficulties with the Auction Management Platform, the Operator may be forced to cancel a Nomination Gate Closure. In that case, the Operator shall inform the Unit Holder as soon as practicable of such cancellation and endeavour to submit the Unit Holders Long Term ACH to SEM.

### **Business Rules for use of Interconnector Capacity**

E3.12 Unit Holders must comply with the Business Rules in Schedule 4.

### **Allocation of Deemed Metered Volumes**

E3.13 If a Unit Holder submits a valid request for an Energy Transmission for a Settlement Period, then the Operator will ensure that a corresponding Deemed Metered Volume is allocated to the relevant Energy Accounts of the Unit Holder for the purposes of each of the Balancing Mechanism Units using the Deemed Metered Volume allocation rules set out in Schedule 5 [Deemed Metered Volume Allocation]. The data submitted will be based on the latest Modified Interconnector Unit Nominations (MIUNS).

### **Submission of Physical Notifications**

E3.14 The Operator will calculate and submit to NGET Physical Notifications for each Settlement Period on behalf of each Unit Holder, based on the aggregate Modified Interconnector Unit Nominations (MIUNS) across all Timescales in respect of each Settlement Period.

## **Potential limitation to the operation of the Interconnector**

E3.15 Each User acknowledges that, without prejudice to the rights of Users under this Rule E3 [Nominations] Unit Holders do not have a right to control Energy Transmissions over the Interconnector and the actual level of Energy Transmissions over the Interconnector at any time is determined by the Operator having regard to a range of factors (including any limitation due to emergency or reasons of operational system security or under other arrangements such as the provision of emergency support and balancing services). Nothing in these Rules restricts the Operator from transmitting electricity over the Interconnector at any time in either direction.

## **Restrictions on use**

E3.16 A User will not be entitled to use any Interconnector Capacity other than at the times and, in the manner and to the extent provided for under these Rules.

## **Rule E4: Secondary Market**

### **Introduction**

E4.1 The Secondary Market means the mechanisms of Resale of the Interconnector Capacity by a Unit Holder, as specified under Rule E4.3 [Resale], and of Capacity Transfer of Interconnector Capacity between Unit Holders, as specified under Rule E4.4 [Capacity Transfer]. These mechanisms enable a User to acquire or surrender Units which have previously been auctioned by the Operator.

### **Electronic operation of the Secondary Market**

E4.2.1 The Secondary Market will be conducted electronically via the Auction Management Platform except in case of Auction Management Platform failure as described in Rule E4.2.4.

E4.2.2 Resale Request and Capacity Transfer Notices shall comply with the format specified from time to time by the Operator, which shall be consistent with the ENTSO-E format recommendations.

E4.2.3 The Operator will acknowledge receipt of the Resale Request and Capacity Transfer Notices to Users by a message indicating whether the Request and Capacity Transfer Notices have been correctly registered. This message of acknowledgment will be sent manually if the Auction Management Platform fails. Only Resale Requests and Capacity Transfer Notices confirmed as correctly registered shall be valid.

E4.2.4 If the Auction Management Platform fails and, in the reasonable opinion of the Operator, it is not practicable to operate the Secondary Market electronically, the Operator may use a fallback procedure by email or fax, as specified from time to time, in order to conduct the Secondary Market and to allocate the Units resulting from the Secondary Market.

E4.2.5 If the fallback procedure described in E4.2.4 cannot, in the reasonable opinion of the Operator, be implemented as necessary to enable the Secondary Market to be operated, the Secondary Market will be deferred.

E4.2.6 If deferral of the Secondary Market is not considered by the Operator as being possible, the Secondary Market will be cancelled and all Resale Requests and Capacity Transfer Notices already submitted will automatically be cancelled.

## **Resale**

E4.3.1 A Unit Holder may make a Resale Request for a forthcoming Long Term Auction in accordance with this Rule E4.3 [Resale].

### **Conditions**

E4.3.2 Resale of a Unit by a Unit Holder is permitted under these Rules only if the following conditions are satisfied:

- (a) the Unit Holder must specify at which forthcoming Long Term Auction it intends to Resell Units;
- (b) the Resale Request must be for Resale of Units with a Product Period that wholly includes the Product Period of the Units being offered in the relevant forthcoming Long Term Auction;
- (c) all Units the subject of the Resale Request must have been allocated from one Long Term Auction;
- (d) the Unit Validity Times of the relevant forthcoming Long Term Auction are also Unit Validity Times of the Auction in which they were previously allocated;
- (e) the Resale Request must be for the same number of Units across all Unit Validity Times within the Product Period of the Units being offered in the relevant forthcoming Long Term Auction; and
- (f) only one Resale Request may be registered per Unit Holder in respect of a forthcoming Long Term Auction for Units acquired in a certain previous Long Term Auction.

E4.3.3 Each Resale Request must state the number and category of the Units requested to be resold. This must be a whole number of Units and must not exceed the number of Units in that category in all applicable Unit Validity Times held by the Unit Holder making the Resale Request (taking into account any Capacity Transfer of Interconnector Capacity under Rule E4.4 and Curtailment under Rule E7).

E4.3.4 A Resale Request can be made or modified in respect of a forthcoming Auction within the applicable times specified under Schedule 4 [Business Rules for User of Interconnector Capacity].

### **Resale Request**

E4.3.5 A Resale Request submitted by a Unit Holder to the Operator must:

- (a) identify the Unit Holder making the Resale;
- (b) identify the Long Term Auction in which the Units are requested to be Resold;
- (c) state the Product Period of the Units which are requested to be Resold; and
- (d) state the number of the Units being requested to be Resold.

E4.3.6 A Unit Holder making a Resale Request must promptly respond to the Operator's satisfaction to any request by the Operator for clarification of such Resale Request.

E4.3.7 The Operator will acknowledge receipt of Resale Requests pursuant to Rule E4.2.3. The Operator may reject any Resale Request that is invalid or that purports to Resell capacity

in circumstances not permitted by this Rule E4.3 [Resale] or if the Unit Holder has failed to respond satisfactorily to a request under Rule E4.3.6.

### **Conditions of withdrawal**

E4.3.8 A Unit Holder may modify its Resale Request within the relevant period as detailed under Schedule 4 [Business Rules for User of Interconnector Capacity].

### **Effect of Resale Request**

E4.3.9 Where one or more Resale Request(s) is (are) made for a forthcoming Long Term Auction, the Operator will include the total associated Units (“Resale Units”) from such Resale Request(s) in the forthcoming Auction Specification, but only to the extent that Interconnector Capacity is available.

E4.3.10 The price at which Resale Units are sold is the Marginal Price of the Auction specified in the Resale Request.

### **Nature of relationship**

E4.3.11 The Operator will not charge a transaction fee for allocated Resale Units.

E4.3.12 Resale Units are made available in Auctions (to the extent that Interconnector Capability is available), and are allocated by the Operator, as principal and not as agent of the Unit Holder making the Resale Request. No rights or obligations arise or exist in connection with allocation of Resale Units as between the Unit Holder making the Resale Request and the User to whom the Resale Units are allocated.

### **Obligations of the Operator**

E4.3.13 The Operator’s obligations in respect of a Resale Request to the Unit Holder making the Resale Request are only those expressly set out in this Rule E4.3 [Resale]. For the avoidance of doubt, the Operator is under no obligation, express or implied, to ensure that demand in any Auction is such that Resale Units will be allocated in that Auction.

### **Effect of allocation of Resale Units**

E4.3.14 Rules E4.3.15 to E4.3.19 apply if Resale Units are allocated to Users in an Auction. In those Rules, “Relevant Unit Holder” means, in relation to an Auction, a Unit Holder who made a Resale Request in respect of that Auction.

### **Payment**

E4.3.15 Each Relevant Unit Holder will be entitled to a payment calculated as follows:

$A = (B * C)$  where:

A is the amount of the payment;

B is the Marginal Price of the Auction in which the Resale was made;

C is the number of MW specified in the Relevant Unit Holder’s Resale Request to the extent allowed by the Operator under Rule E4.3.9.

### **Effect on Unit Holder's rights and obligations**

E4.3.16 Each Relevant Unit Holder will lose its entitlement to use corresponding Interconnector Capacity for the Resale Period stated in its Resale Request and accordingly its rights will be reduced except in the circumstances specified in Rule E4.3.17. In all other respects, Relevant Users' rights and obligations relating to Units will not be affected. For example, they are still required to pay the full Unit Price for all Units acquired in Auctions (whether or not subsequently Resold).

### **Cancellation of an Auction including Units resulting from a Resale**

E4.3.17 In the case where an Auction in which Units have been requested to be Resold is cancelled, any associated Resale Request(s) is/are cancelled and the corresponding Units are returned to the Relevant Unit Holder.

### **Invoicing and payment**

E4.3.18 Resale invoicing and payments are made pursuant to Rule C2 [Invoicing and Payment].

E4.3.19 For the proportion of Resale Units specified in the Resale Request that have not been allocated in such Auction the Unit Holder will not be entitled to a payment for the proportion of resale units specified in the resale request that have not been allocated in an auction.

### **Capacity Transfer**

#### **Conditions**

E4.4.1 Capacity Transfer of a Unit Holder's rights to use Units is permitted under these Rules only if the following conditions are satisfied:

- (a) the Unit Holder gives the Operator a notice of the Capacity Transfer ("Capacity Transfer Notice") that complies with Rule E4.4.5;
- (b) Units are subject to Capacity Transfer across Trading Periods and in at least one Trading Period of one (1) Trading Day;
- (c) the Capacity Transfer is made to an existing User who has not been suspended in any way pursuant to Rule F6.3.1 [Suspension by the Operator];
- (d) the duration of the Capacity Transfer ("Capacity Transfer Period") is one (1) or more consecutive Trading Days of the specified Day Type, and is within the Product Period of the Units being subject to Capacity Transfer;
- (e) at least one (1) Unit is being subject to Capacity Transfer and shall be a whole number;
- (f) the Unit Holder has at least as many Units as the number it wishes to Capacity Transfer in each Trading Period of each associated Trading Day (taking into account any reduction(s) due to previous Capacity Transfer(s), Resale(s) or Curtailment(s)); and
- (g) at the time it gives the Capacity Transfer Notice, the Unit Holder is not in default under these Rules and its rights to use Interconnector Capacity and participate in Auctions have not been suspended.

E4.4.2 A Unit Holder may give more than one Capacity Transfer Notice covering the same period of time, subject to each notice complying with this Rule. Any Capacity Transfer covering more than one calendar month must be notified in separate Capacity Transfer Notices, one for each affected month.

E4.4.3 The Capacity Transfer does not modify the Timescale or any other categorisation upon which the Capacity Transferred Units were initially acquired.

### **Timing**

E4.4.4 Following the publication of the Final Results of an Auction, a Unit Holder may make a Capacity Transfer Notice in relation to Interconnector Capacity acquired in such Auction to the Operator in accordance with the relevant timings specified in Schedule 4 [Business Rules for User of Interconnector Capacity].

### **Capacity Transfer Notice**

E4.4.5 The Capacity Transfer Notice submitted by the Unit Holder making the Capacity Transfer must:

- (a) identify the Unit Holder making the Capacity Transfer;
- (b) identify the User to whom the Units are being subject to Capacity Transfer;
- (c) state the Capacity Transfer Period;
- (d) state the Day Types for which the Capacity Transfer is to apply;
- (e) specify the Trading Periods of the Trading Days in which the Capacity Transfer is to be made; and
- (f) state the number and category (including the Trading Period) of the Units the subject of the Capacity Transfer Notice.

E4.4.6 A Unit Holder giving a Capacity Transfer Notice must promptly respond to the Operator's satisfaction to any request by the Operator for clarification of the Capacity Transfer Notice.

E4.4.7 The Operator will acknowledge receipt of Capacity Transfer Notices pursuant to Rule E4.4.9. The Operator may reject any Capacity Transfer Notice that is invalid or that purports to make a Capacity Transfer in circumstances not permitted by this Rule E4 [Secondary Market] or if the Unit Holder has failed to respond satisfactorily to a request under Rule E4.4.6 in relation to that Capacity Transfer Notice.

E4.4.8 A Capacity Transfer Notice cannot be withdrawn without the consent of the Operator and the User to whom that Capacity Transfer has been made.

### **Capacity Transfer Confirmation / Acknowledgment**

E4.4.9.1 Both Users party to a Capacity Transfer are informed by the Operator whether the Capacity Transfer Notice is registered.

E4.4.9.2 A Capacity Transfer Notice is valid only when confirmed by the User to whom the Capacity Transfer was made, during the period of time specified in Schedule 4 [Business Rules for User of Interconnector Capacity] for each relevant Timescale. Both Users who are party to the Capacity Transfer are informed by the Operator of its successful registration.

E4.4.9.3 Where the User to whom the Capacity Transfer was made does not confirm the Capacity Transfer Notice during the relevant period of time, the Capacity Transfer Notice is not valid and the Unit Holder who had sought to make the Capacity Transfer remains the Unit Holder of the Units. Both Users who had been party to the attempted Capacity Transfer are informed by the Operator of the failure of completion of the Capacity Transfer.

### **Effect of Capacity Transfer**

E4.4.10 If a Capacity Transfer Notice is confirmed in accordance with this Rule E4.4 [Capacity Transfer], then for the duration of the Capacity Transfer Period:

- (a) the User to whom the Capacity Transfer was made is treated as the Unit Holder of those Units for the purpose of Rules A2.1, E2, E3, E4, E5, E8 and Schedules 4, 5;
- (b) the original Unit Holder, although obliged to pay for the capacity that has been the subject of a Capacity Transfer, loses its entitlement to use such Interconnector Capacity. In all other respects, the original Unit Holder's rights and obligations relating to its Units being subject to Capacity Transfer will not be affected, except in the case of Curtailment Reconciliation pursuant to Rule E8 [Curtailment Reconciliation].

E4.4.11 The Operator may, by giving notice to both the Unit Holder who made a Capacity Transfer and the User to whom it was Capacity Transferred, terminate any Capacity Transfer under this Rule E4.4 [Capacity Transfer] with immediate effect upon:

- (a) termination of the User Agreement of the User to whom the capacity was Capacity Transferred; and
- (b) if a notice of suspension under Rule F6.3.1 [Suspension by the Operator] is given to the User to whom the capacity was Capacity Transferred.

E4.4.12 The Operator will not charge a transaction fee for allocated Capacity Transfers.

## **Rule E5: Use-It-or-Sell-It (UIOSI)**

### **Introduction**

E5.1 The provisions under this Rule E5 detail the means by which capacity unused by a Unit Holder can be made available for other Users to acquire in subsequent auctions.

### **Use-It-or-Sell-It applying to Long Term Nominations**

E5.2.1 To the extent that any Unit Holder does not Nominate any Long Term Unit(s) associated with its Long Term ICE for any Trading Period of a Trading Day, it will lose the right to use such Long Term Unit(s) in accordance with this Rule E5.2.

E5.2.2 Unused Units resulting from the process described in E5.2.1 are then subject to the following:

- (a) these Unused Unit(s) will be unavailable for subsequent use by the Unit Holder;
- (b) the Unit Holder's other rights and obligations in relation to its Units, whether Unused or not Unused, will not be affected;
- (c) the Unit Holder shall still pay the Operator for its Unused Unit(s), subject to whether such Unused Units were acquired in a Capacity Transfer;

- (d) the Operator will make Unused Unit(s) available in the appropriate Daily Auction for the same Trading Day; and
- (e) the proceeds of the sale of Unused Units in the Daily Auction will be paid by the Operator to the Unit Holder according to the Auction Price of such Daily Auction.

### **Impact of Daily Auction Cancellation on the application of UIOSI**

E5.2.3 In the case of a Daily Auction cancellation, compensation to Unit Holders for Long Term Unused Units will be based on the weighted average price of Long Term Units of the User, the aggregate of which forms its Long-Term ICE.

### **Impact of Intraday Auction Cancellation**

E5.3 If an Intraday Auction is cancelled for any IT and/or communication problems, Unit Holders for Daily Unused Units will not be compensated.

## **Rule E6: Outages**

### **Introduction**

E6.1 The Operator will give Users information about Outages in accordance with this Rule E6.

### **Annual Indicative Outage Schedule**

E6.2 Before 1st December but not before 1st September of each year the Operator will publish an indicative schedule of Outages for the forthcoming year. The schedule will specify the expected start and end dates of each Outage and the expected Interconnector Capability during each Outage.

### **Updates**

E6.3 The Operator will update the information given under Rule E6.2 [Annual Indicative Outage Schedule] as soon as practicable after any changes are known.

### **Changes**

E6.4.1 The Operator will use reasonable endeavours to ensure that the information provided under this Rule E6 is accurate and that Outages take place as indicated by the information.

E6.4.2 Notwithstanding Rule E6.4.1, each User acknowledges that circumstances may arise that require the Operator to take Outages at times other than those planned and therefore the Operator remains free to plan and execute any Outages that it considers necessary.

E6.4.3 Without prejudice to Rule F7 [Liability], the Operator excludes any and all liability for any claims, payments, costs and expenses arising out of any differences between the information provided under this Rule E6 [Outages] and actual Outages (other than credits calculated under Rule E8) [Curtailed Reconciliation], whether the claim arises in contract or on any other basis, except to the extent that liability cannot be excluded by law.

### **Unexpected availability**

E6.5 Interconnector Capacity at any time may be greater than expected due to circumstances such as early return to service after an Outage or rescheduling of an Outage. If Interconnector Capacity becomes available, the Operator will use reasonable endeavours to notify all Users of its availability promptly and will allocate the Interconnector Capacity in the next available auction.

### **Forced Outages and Trips**

E6.6 The Operator will notify Users of any Forced Outages or Trips as soon as reasonably practicable after the Forced Outage is arranged or the Trip occurs. Following this initial notice, the Operator will as soon as reasonably practicable give Users information about the effect of the Forced Outage or the Trip including where possible the expected Interconnector Capability and its anticipated duration. These details will be given for information purposes only and they are not binding on the Operator and Rule E6.4.3 will apply to this information.

## **Rule E7: Curtailment**

### **Curtailment**

E7.1.1 The Operator will curtail Interconnector Capacity secured by all Unit Holders, and if necessary their MIUNs, during each Settlement Period in which there is an NTC Reduction in accordance with this Rule E7 [Curtailment]. Users acknowledge that an NTC Reduction, or any increase or decrease in the Curtailment Quantity during an NTC Reduction, which arises after the relevant Gate Closure will be reflected in the calculation of Deemed Metered Volumes in accordance with Schedule 5 [Deemed Metered Volume Allocation].

E7.1.2 Each relevant Unit Holder will lose its entitlement to use Interconnector Capacity curtailed by the Operator in the event of an NTC Reduction.

### **Notice**

E7.2.1 The Operator shall inform Users of any Curtailment, as soon as practicable, after the need for Curtailment is known, the effect of which will be available in SEM and/or the Auction Management Platform.

E7.2.2 NTC Reduction may change from time to time and the Operator will inform Users of the anticipated duration of such NTC Reduction, with associated updates as soon as practicably possible.

### **Curtailment in respect of an NTC Reduction**

E7.3.1 When there is a change in NTC prior to first SEM Gate Closure then the Operator shall take account of such change and if possible recalculate and resubmit the ICEs to SEM prior to Gate Closure.

E7.3.2 If there is a change in NTC after the initial calculation of MIUNs, then the MIUNs shall be revised, taking into account the corresponding change in NTC. The revised MIUNs shall each be in the same direction and must not exceed in absolute magnitude the value of the corresponding IUNs.

E7.3.3 Following a change in NTC, the revised MIUNs shall be available to each Unit Holder for each of their Interconnector Units and Schedule Files issued to the Interconnector Controllers and System Operators.

E7.3.4 MIUNs for each Interconnector Unit shall be revised to the minimum extent necessary.

## **Rule E8: Curtailment Reconciliation**

### **Introduction**

E8.1 If there is a Capacity Shortage in any Settlement Period in a given direction, any Curtailed capacity or MIUN reduction of a User will be identified by the Operator, in accordance with this Rule E8.

E8.2 For the avoidance of doubt, whilst the relevant invoice will show as payable by the Unit Holder all Units acquired in the Auctions and the Unit Holder shall pay the total amount shown on such invoice, any Curtailed Units shall be shown as a credit on the relevant invoice.

E8.3 Unit Holders will be credited in full for the Unit Price of Curtailed Units where practicable except in circumstances including (but not limited to) E8.4 to E8.7.

E8.4 If there is a Capacity Shortage in any Settlement Period in a given direction leading to the Curtailment of MIUNs of a Unit Holder, the corresponding Curtailed Units will be credited to the Unit Holder at a price based on the weighted-average price of the Units within its Long Term ICE for that Settlement Period.

E8.5 If there is a Capacity Shortage in any Settlement Period in a given direction leading to the potential Curtailment of Units notified for Resale by a Unit Holder to the Operator (but not already Resold), the corresponding notifications for Resale are cancelled in their entirety, without credit from the Operator and the corresponding Units are retained by the Unit Holder. These Units are then subject to Curtailment in accordance with Rule E7 [Curtailment].

E8.6 If there is a Capacity Shortage in any Settlement Period in a given direction leading to the potential Curtailment of Units notified for Capacity Transfer by a User to the Operator:

- (a) if the Capacity Transfer has been confirmed by the User to whom the Capacity Transfer was made before the Curtailment, the Units are Curtailed and a credit is made to such User in accordance with Rules E7 [Curtailment] and E8 [Curtailment Reconciliation];
- (b) if the Capacity Transfer has not been confirmed by the User to whom the Capacity Transfer is being made before the Curtailment, the Capacity Transfer is cancelled in its entirety by the Operator, the corresponding Units are returned to the User which submitted the associated Capacity Transfer Notice and no credit is due to the party which had not confirmed the Capacity Transfer. These Units are then subject to Curtailment in accordance to Rules E7 [Curtailment] and E8 [Curtailment Reconciliation].

E8.7 If there is a Capacity Shortage in any Settlement Period in a given direction before the relevant daily auction specification is published, leading to the Curtailment of Long Term Units of a Unit Holder which were not Nominated before Long Term Nomination Gate Closure and then which were subject to UIOSI, the corresponding Curtailed Units will be credited by the Operator to the Unit Holder at a price based on the weighted-average price of the Units within its Long Term ICE for that Settlement Period.

## **Rule E9: Capacity Payments**

### **Capacity Payments**

E9.1 The Rules dealing with Capacity Payments are covered in Section 5 of the SEM Trading and Settlement Code.

## **SECTION F: GENERAL CONDITIONS**

## **Rule F1: Introduction**

### **Scope**

F1.1 This Section F [General Conditions] of the Rules sets out the general conditions applicable to the arrangements established by these Rules.

### **Structure**

F1.2 Section F is divided into nine Rules as follows:

- (a) Rule F1: Introduction;
- (b) Rule F2: Notices and other communications;
- (c) Rule F3: Confidentiality;
- (d) Rule F4: Assignment and subcontracting;
- (e) Rule F5: Force Majeure;
- (f) Rule F6: Termination and suspension;
- (g) Rule F7: Liability;
- (h) Rule F8: Dispute resolution; and
- (i) Rule F9: Miscellaneous.

## **Rule F2: Notices and other communications**

### **Language**

F2.1 Any notice or other communication to be given under or in connection with the matters contemplated by these Rules shall be in English.

### **Contact details**

F2.2 Save as otherwise expressly provided in these Rules, all notices or other communications between the Operator and each User shall be sent to the address or fax number or email address and marked for the attention of the addressee's representative as set out in the User's User Agreement or as notified by the addressee from time to time.

### **Method and time of delivery**

F2.3.1 Save as otherwise expressly provided in these Rules, all notices or other communications shall be in writing and shall be given by letter delivered by hand against receipt, sent by prepaid post (airmail if overseas) and using a recorded delivery service (registered post) or sent by fax or email and shall be deemed to have been received:

- (a) in the case of delivery by hand, when delivered against receipt; or
- (b) in the case of recorded delivery prepaid post, on the day following the recorded day of delivery; or

- (c) in the case of fax, on acknowledgement of receipt by the addressee's fax receiving equipment; or
- (d) in the case of email, when delivered to the other Party but only if an acknowledgement of receipt is requested and obtained by the Party sending the e-mail and a printed copy of the transmission is retained by that Party.

F2.3.2 If a notice or other communication would otherwise be deemed to have been received outside normal business hours (being 08:30hrs to 17:00hrs (local time) on a Business Day) under this Rule, it is deemed to have been received at the opening of business on the next Business Day.

### **Rule F3: Confidentiality**

#### **Obligation of confidentiality**

F3.1 Subject to Rule F3.2 (exceptions), each of the Operators and each User who is a Recipient must, in relation to the Confidential Information of a Disclosing Party, preserve the confidentiality of each item of Confidential Information of the Disclosing Party and must not directly or indirectly reveal, report, publish, disclose or transfer any item of Confidential Information of the Disclosing Party and must not use any item of Confidential Information of the Disclosing Party other than for the purpose for which it was disclosed.

#### **Exceptions**

F3.2 Notwithstanding Rule F3.1 [Obligation of confidentiality], a Recipient may disclose Confidential Information of a Disclosing Party:

- (a) to the extent expressly permitted or contemplated by the Rules;
- (b) with the prior written consent of the Disclosing Party;
- (c) to any person who is one of the directors, officers, employees, agents, advisers or insurers (provided in the case of such agents, advisers or insurers that they are under a corresponding obligation of confidentiality to the Recipient) of the Recipient and who needs to know the Confidential Information in connection with these Rules;
- (d) as may be directed or ordered under or required in order to comply with any applicable legal requirement;
- (e) as may be required to comply with the requirements of the Grid Code, the GB Grid Code, the SEM Trading and Settlement Code or the Balancing and Settlement Code;
- (f) as may be required by a regulatory authority
- (g) as may be required by a court, arbitrator or administrative tribunal or an expert in the course of proceedings before it to which the Recipient is a party; or
- (h) in order to obtain clearances or consents from a Competent Authority.
- (i) information which at the time of disclosure to the Receiving Party is within the public domain.

#### **Term of confidentiality**

F3.3 The obligations of confidentiality in this Rule F3 [Confidentiality] shall continue for a period of five (5) years after termination of the User's User Agreement.

#### **Rule F4: Assignment and subcontracting**

##### **Operator Assignment**

F4.1 The Operator may assign its rights and novate its obligations under the User Agreement and these Rules to any entity which is to succeed it as operator of the Interconnector and provider of the services sold to Users under these Rules and these Rules shall be binding upon and ensure for the benefit of the assigns and successors in title of the Operator. Each User will do all things reasonably requested of it by the Operator to assist with such assignment and novation.

##### **User Assignment**

F4.2 Subject to Rule E4 [Secondary Market] and Rule F4.3 [Capacity Subcontracting Arrangement], a User may not assign, novate or otherwise transfer any of its rights or obligations under the User Agreement or these Rules without the prior written consent of the Operator.

##### **Capacity Subcontracting Arrangement**

F4.3 Nothing in Rule F4.2 prevents a User from entering into a Capacity Subcontracting Arrangement. Entry into a Capacity Subcontracting Arrangement by a User does not relieve the User of any obligation or liability under the User Agreement or these Rules and is subject to the indemnity in Rule F7.4 [Indemnity].

#### **Rule F5: Force Majeure**

##### **Definition of Force Majeure**

F5.1 "Force Majeure" means in relation to an affected party, any event or circumstance, or series of events or circumstances, beyond the reasonable control of that party (provided that lack of funds shall never be interpreted as a cause beyond the reasonable control of a party), which could not have been avoided through the use of Prudent Electric Utility Practice, and which has the result that the affected party is unable to perform any or all of its obligations under these rules or the User Agreement.

Force Majeure includes:

- (a) War (whether declared or undeclared),
- (b) Revolution, riot, insurrection, public demonstration or other civil commotion;
- (c) Acts of terrorism, sabotage, criminal damage or threat of such acts;
- (d) Nuclear explosion, radioactive or chemical contamination or ionising radiation;
- (e) Act of God, any effect of the natural elements, including lightning, flood, wind, storm, unusually heavy or prolonged rain or accumulation of snow or ice; and
- (f) Strikes and labour disputes, provided that any change in market conditions affecting the price of electrical capacity or any change in the electricity markets of Northern Ireland, the Republic of Ireland and/or Great Britain shall not constitute Force Majeure;

##### **Notification**

F5.2.1 The Operator or a User, which invokes Force Majeure, shall promptly send to the other a notification describing the nature of Force Majeure, its probable duration and must continue to furnish reports with respect thereto with reasonable frequency during the period of Force Majeure. The person invoking the Force Majeure shall use reasonable endeavours effort to limit the consequences of the Force Majeure.

F5.2.2 A Party shall give notice to the other Parties when it ceases to be affected by the Force Majeure.

### **Suspension of the obligations**

F5.3 The obligations of a Party subject to Force Majeure shall be suspended from the beginning of Force Majeure, with the exception of the confidentiality provisions contained within Rule F3 [Confidentiality].

F5.4 Suspension under Rule F5.3 is subject to the following:

- (a) suspension of performance will be of no greater scope and of no longer duration than is required by the Force Majeure;
- (b) the suspension of performance applies only for so long as the person relying on Rule F5.3 is using reasonable endeavours to remedy their inability to perform.

### **Other consequences of Force Majeure**

F5.5 The consequences of Force Majeure which is not subject to any discussion or litigation between the Operator and the User, are:

- (a) the person invoking Force Majeure cannot be held responsible to pay compensation for any damage suffered, due to the non-performance or partial performance of all or any of its obligations during the Force Majeure and when such non-performance or partial performance is due directly to Force Majeure;
- (b) the acquired Units which have been entirely paid and become subject to Force Majeure are reimbursed for the duration of the Force Majeure and;
- (c) where the Unit Holder is the Party claiming the Force Majeure event, the Operator may, for its own benefit, reallocate the Unit Holder's Units to the subsequent Auctions and for the duration of the Force Majeure event.

### **Termination**

F5.6 In the event that an affected party's obligations are suspended under Rule F5.3 [Suspension of the obligations] and such suspension continues for a period of 6 months or more then the Operator or each User may, by notice to the other given at any time while the suspension continues beyond that period but not thereafter, terminate the User's User Agreement. Termination takes effect ten (10) Business Days after the notice is given or any later date specified in the notice. A Long Term Unit Holder whose User Agreement is terminated under this Rule F5.6 is under no obligation to pay remaining instalments of the Unit Price and is entitled to a refund to the extent that any instalment includes an amount in respect of use after the date of termination, to be calculated pro-rata from the date termination takes effect.

### **Rule F6: Termination and suspension**

## **Introduction**

F6.1.1 A User may cease to be a User only in accordance with Rule F6.2 [Termination by mutual consent], Rule F5 [Force Majeure] or Rule F6.4 [Termination by the Operator].

F6.1.2 A User's rights may be suspended under Rule F6.3 [Suspension by the Operator].

F6.1.3 This Rule F6 is without prejudice to other remedies available to the Operator under these Rules.

## **Termination by mutual consent**

F6.2 A User and the Operator may agree at any time to terminate the User Agreement to which the User is a party. Termination takes effect at the time and on the terms agreed by the User and the Operator.

## **Suspension by the Operator**

F6.3.1 If any of the events in Rule F6.3.2 (each a "Suspension Event of Default") occurs in relation to a User, the Operator may by notice to the User:

- (a) suspend temporarily the User's rights to participate in Auctions and/or the Secondary Market until the User has remedied the Suspension Event of Default specified in the notice; and/or
- (b) suspend temporarily the User's rights to use Interconnector Capacity accordingly, (and reduce its ICEs to zero) until the User has remedied the Suspension Event of Default specified in the notice and, consequently, the User will no longer be entitled to Resell or Capacity Transfer the Units it has acquired and such Units will not be taken into account in relation to the "Use It Or Sell It" provisions within these Rules. For the avoidance of doubt, the Units which the User is prohibited from using as a result of suspension may be offered by the Operator in subsequent Auctions and the Operator shall not return the corresponding proceeds to the User.

F6.3.2 The Suspension Events of Default referred to in Rule F6.3.1 are the following:

- (a) subject to Rule C2.8.3 [Payment Incident], if a User fails to pay any amount properly due and owing to the Operator pursuant to these Rules;
- (b) if a User fails to provide and maintain Credit Cover in accordance with Rule C3.15.2 [Credit Cover Incident];
- (c) the Operator is satisfied on reasonable grounds that the User no longer satisfies one or more of the Eligibility Conditions; or
- (d) if the Operator has required a User, based on reasonable grounds and prior to the application of Rule F6.4.2 to remedy a User's breach of these Rules or its breach of the User Agreement (other than a failure to pay);
- (e) if the User has taken any action which may lead to the damaging or reduction in effectiveness of the Auction Management Platform or of the Auction Management Platform's hosting system (it being understood that such an action is deemed to happen in case of any behaviour that can be assimilated to an attack on the information system such as, but not limited to, deny of service, spam, virus, brute forcing, trojan horse attack etc.).

F6.3.3 A notice under Rule F6.3.1 takes effect from the time it is given or any later time specified in it. The Operator may withdraw a notice under Rules F6.3.1(a) or F6.3.1(b) at any

time. Having given a notice under Rule F6.3.1, the Operator may give a further or other notice at any time in respect of the same or a different Event of Default.

F6.3.4 Once the User has fulfilled or remedied the Suspension Event of Default as notified to it in the notice sent by the Operator, the Operator will reinstate as soon as reasonably practicable the User's rights in relation to use of the Interconnector and its ability to participate in Auctions and/or the Secondary Market by written notice to the User ("Reinstatement Notice"). As from the date of effect of the Reinstatement Notice, the Units allocated prior to the suspension and which remain unused may be included in the User's ICE and the User shall also be entitled to participate in Auctions and/or Secondary Market.

### **Termination by the Operator**

F6.4.1 If any of the events in Rule F6.4.2 occurs in relation to a User, the Operator may by notice to the User terminate the User Agreement to which the User is a party, including the User's rights to use Interconnector Capacity. A notice under this Rule F6.4.1 takes effect from the time it is given or any later time specified in it. For the avoidance of doubt, as from the time at which the notice referred to at F6.4.1 takes effect, the User will no longer be entitled to participate in an Auction or in the Secondary Market, or Resell, or Capacity Transfer the Units it has acquired and such Units will not be taken into account in relation to the "Use It Or Sell It" provisions within these Rules. For the avoidance of doubt, the Units which the User is prohibited from using as a result of termination may be offered by the Operator in subsequent Auctions or in the Secondary Market and the Operator shall not return the corresponding proceeds to the User.

F6.4.2 The Termination Events of Default referred to in Rule F6.4.1 are the following:

- (a) if a User fails to remedy within ten (10) Business Days of a notice (or any other time period specified in the notice, if any) any failure to pay the amount properly due and owed to the Operator pursuant to Rule F6.3.2.(a) [Suspension by the Operator];
- (b) if a User fails to remedy within ten (10) Business Days of a notice (or any other delay specified in the notice, if any) any failure to provide and maintain the relevant Credit Cover pursuant to Rule F6.3.2.(b) [Suspension by the Operator];
- (c) subject to Rule F6.5, if a User undergoes an Insolvency Event
- (d) if a User commits a breach of these Rules or the User Agreement (other than a failure to pay) and (if capable of remedy) the breach has not been remedied within ten (10) Business Days of a notice (or any other delay specified in the notice, if any) from the Operator requiring remedy;
- (e) if a User persistently breaches these Rules or the User Agreement, whether or not the breach is capable of remedy;
- (f) if the User commits a breach of any of the provisions of the Grid Code or GB Grid Code applicable to it and such breach has or can reasonably be expected to have an adverse effect on the operation of the Interconnector or the arrangements contemplated by these Rules and (if capable of remedy) the breach has not been remedied within ten (10) Business Days of a notice from the Operator requiring remedy; or
- (g) if a Competent Authority:
  - (i) determines that the User has committed a misusing or fraudulent act; and
  - (ii) requests the Operator to terminate the User Agreement to which such User is a Party; or
  - (iii) agrees that the Operator has reasonable grounds to believe that the User has committed a misusing or fraudulent act in participating in any Auction or Secondary Market.

## **Preservation of rights**

F6.5 Termination of the User Agreement does not affect any rights and liabilities under or in connection with the User Agreement and these Rules which arose prior to that termination. Accordingly, any User whose User Agreement is terminated will remain liable, subject to and in accordance with the Rules, in respect of all such rights and liabilities.

F6.6 This Rule F6.5 is without prejudice to other remedies available to the Operator under these Rules.

## **Payments**

F6.7.1 If the Operators give a notice to a User under Rule F6.3.1 and Rule F6.4.1, then respectively such notice of suspension or termination does not relieve the User from its payment obligations pursuant to Rule C2, including its payment obligations in relation to the Units for which the User loses the right of use pursuant to Rule F6.3.

F6.7.2 Where the Operators give a notice to a User pursuant to Rule F6.4.2 (c), the User shall be obliged to fulfill its payment obligations, including its payment obligations in relation to the Units for which the User loses the right of use pursuant to Rule F6.3. Nevertheless, for the sole application of this Rule F6.4.2 (c) and notwithstanding Rule F6.4.1, the User's debt shall be reduced by the amounts of the Units initially acquired by him and finally re-auctioned by the Operators.

## **Rule F7: Liability**

### **Liability for breach**

F7.1 Subject to any other provision within these Rules, the Operator and each User agrees and acknowledges that neither the Operator nor a User nor any of their respective officers, employees or agents shall be liable to any other of them for loss arising from any breach of these Rules other than for loss directly resulting from such breach and which at the date of these Rules was foreseeable as not unlikely to occur in the ordinary course of events from such breach in respect of:

- (a) physical damage to the property of the Operator or the User (as the case may be), or their respective officers, employees or agents; or
- (b) the liability of the Operator or the User (as the case may be) to any other User for loss in respect of physical damage to the property of that other User.

### **Death and personal injury**

F7.2 Nothing in these Rules excludes or limits or shall be construed as excluding or limiting the liability of the Operator or a User for death or personal injury resulting from that person's negligence or the negligence of any of its officers, employees or agents and the Operator and each User shall indemnify and keep indemnified the other and their respective officers, employees or agents, from and against all such and any loss or liability (including legal costs) which the person having the benefit of the indemnity may suffer or incur by reason of any claim on account of death or personal injury resulting from the negligence of the person giving the indemnity or any of its officers, employees or agents.

## **Excluded losses**

F7.3 Subject to Rule F7.2 [Death and Personal Injury] and Rule F7.4 [Indemnity], the Operator nor any of its respective officers, employees or agents shall in any circumstances whatsoever be liable for:

- (a) any loss of profit, loss of revenue, loss of use, loss of contract or loss of goodwill; or
- (b) any indirect or consequential loss; or
- (c) loss resulting from the liability of the Operator (as the case may be) to any other person howsoever and whensoever arising save as provided in rules F7.1(a) [Liability for breach] and F7.2 [Death and Personal Injury].

## **Indemnity**

F7.4 A User shall indemnify and keep indemnified the Operator and their respective officers, employees and agents from and against any and all loss or liability (including legal costs) which any of them may suffer or incur by reason of any claim by any third party ("Claimant") on account of any and all loss (whether direct or indirect) suffered by the claimant or any of the claimant's officers, agents, subcontractors or employees in connection with their participation on the Moyle Interconnector.

## **General**

F7.5.1 Each of the provisions of this Rule F7 [Liability] shall survive termination of the User Agreement.

F7.5.2 The Operator and each User acknowledges and agrees that it holds the benefit of Rules F7.1 [Liability for breach], F7.2 [Death and Personal Injury], F7.3 [Excluded losses] and F7.4 [Indemnity] above for itself and as trustee and agent for its officers, employees and agents.

F7.5.3 For the avoidance of doubt, nothing in this Rule F7 [Liability] prevents or restricts either the Operator or a User from enforcing any obligation (including suing for a debt) owed to it under or pursuant to these Rules.

## **Rule F8: Dispute Resolution**

### **Application**

F8.1 Any disagreement, difference of opinion or other dispute between the Operator and a User under or in relation to these Rules ("Dispute") must be resolved in accordance with this Rule F8 [Dispute Resolution].

### **Debt Proceedings**

F8.2.1 The Operator or a User may bring proceedings ("Debt Proceedings") against the other for any amount owing under or in connection with these Rules and unpaid for more than twenty (20) Business Days after the date the monies were due.

F8.2.2 The parties hereto submit to the exclusive jurisdiction of the courts of Northern Ireland with respect to any proceedings referred to in Rule F8.2.1.

### **Prescribed procedure**

F8.3 Where there is a Dispute (other than Debt Proceedings) the Operator and Users shall first seek amicable settlement through mutual consultation pursuant to Rule F8.4 [Amicable resolution].

### **Amicable resolution**

F8.4 If there is any Dispute, including any Technical Dispute, a senior representative of each of the Operator and the User with authority to resolve the Dispute must meet within twenty (20) Business Days of a request to meet and seek to resolve the Dispute. If the representatives are unable to resolve the Dispute within twenty (20) Business Days of the meeting (or such longer time as may be agreed) then the Dispute (other than a Debt Proceeding) must be determined by arbitration in accordance with Rule F8.5 [Arbitration]. This Rule F8.4 does not prevent the commencement of proceedings under Rule F8.2.1 [Debt Proceedings].

### **Arbitration**

F8.5.1 Subject to Rule F8.4, [Amicable resolution] where a Dispute is to be referred to arbitration under this Rule F8 [Dispute resolution], either the Operator or the User may give notice to the other stating the nature of the Dispute and referring the Dispute to arbitration. The arbitration shall be conducted before one arbitrator, of neutral origin and appointed by agreement between the Operator and the User or, if such agreement is not reached within twenty (20) Business Days of the reference to arbitration, then by the President for the time being of the Chartered Institute of Arbitrators – Irish Branch.

F8.5.2 Arbitration awards under this Rule F8.5 shall be final and binding on the Operator and the relevant User as from the date that they are made. The Operator and the User must carry out any award of an arbitrator relating to any Dispute without delay and each waive their right to any form of appeal or recourse to a court of law or other judicial authority, in so far as such waiver may validly be made.

### **Other issues**

F8.6.1 Notwithstanding any reference to amicable settlement, expert resolution or arbitration under this Rule F8 [Dispute resolution] the Operator and the User shall continue to perform their respective obligations under these Rules and the User's User Agreement.

F8.6.2 This Rule F8 [Dispute resolution] survives termination of the User's User Agreement.

## **Rule F9: Miscellaneous**

### **Governing law**

F9.1 These Rules shall be governed by and construed in all respects in accordance with the laws of Northern Ireland.

### **Language**

F9.2 These Rules will be produced in English.

## **Intellectual Property**

F9.3.1 No User shall acquire any right, title, licence or interest in or to any Intellectual Property, including the Intellectual Property referred to in Rule F9.3.2, used by the Operator in connection with these Rules.

F9.3.2 Save where the Operator agrees in writing otherwise, all Intellectual Property relating to the subject matter of these Rules, including the Rules themselves, as conceived, originated, devised, developed or created by the Operator or respective officers, employees, agents or consultants during the duration of these Rules shall vest, as against Users, in the Operator and shall remain the confidential information of the Operator.

## **Relationship and nature of rights**

F9.4.1 The relationship of the Operator and Users is that of service provider and service User respectively. Except as expressly provided in these Rules, nothing contained or implied in these Rules constitutes or is deemed to constitute the Operator or a User, the partner, agent or legal representative of the other for any purpose whatsoever or create or be deemed to create any partnership, agency, trust or comprising of any nature whatsoever.

F9.4.2 The rights granted to Users under these Rules are in the form of physical transmission rights of electrical energy. The Auctions and Secondary Market on the Auction Management Platform are in respect of capacity only. Users can invoke no other right than capacity made available to them in accordance with the provisions of these Rules.

## **No third party rights**

F9.5 The Operator and each User each acknowledges and agrees that a person who is not a party to the User Agreement between them (including any other User) has no rights to enforce these Rules or the User Agreement as between the Operator and that User.

## **Waiver**

F9.6.1 No omission to exercise or delay in exercising any right, power or remedy provided by law or under these Rules shall constitute a waiver of such right, power or remedy or any other right, power or remedy or impair such right, power or remedy. No single or partial exercise of any such right, power or remedy precludes or impairs any other or further exercise thereof or the exercise of any other right, power or remedy provided by law or under these Rules.

F9.6.2 Any waiver of any right, power or remedy under these Rules must be in writing and may be given subject to any conditions thought fit by the grantor. Unless otherwise expressly stated, any waiver is effective only in the instance and only for the purpose for which it is given.

## **Variation**

F9.7 No variation to these Rules or the shall be effective unless made in accordance with Rule A4 [Amendment].

## **No advice**

F9.8 The User acknowledges that neither the Operator nor any person acting on behalf of or associated with the Operator makes any representation, gives any advice or gives any warranty or undertaking of any kind in respect of these Rules, the User Agreement or the Disclosed Information or otherwise in relation to or in connection with these Rules, the User Agreement and the Disclosed Information or any transaction or arrangement contemplated by

these Rules, the User Agreement and the Disclosed Information except as specifically provided in these Rules or the User Agreement.

#### **Entire agreement**

F9.9 These Rules and the User Agreement contain or expressly refer to the entire agreement between the Operator and each User with respect to the subject matter hereof and expressly exclude any warranty, condition or other undertaking implied at law or by custom and supersedes all previous agreements and understandings between the Operator and each User with respect thereto and each of them acknowledges and confirms that it does not enter into these Rules or the User Agreement in reliance on any representation, warranty or other undertaking (other than where made fraudulently) not fully reflected in the terms of these Rules or the User Agreement.

#### **Remedies exclusive**

F9.10 The rights and remedies provided by these Rules and the User Agreement to the Operator and each User are exclusive and not cumulative and, to the extent permissible by law, shall exclude and be in place of all substantive (but not procedural) rights or remedies express or implied and provided by law or statute in respect of the subject matter of these Rules and the User Agreement. Accordingly, each of the Operator and each User hereby waives to the fullest extent possible all such rights and remedies provided by law or statute, and releases each other of them if it is liable to any other of them, its officers, employees and agents to the same extent from all duties, liabilities, responsibilities or obligations provided by law or statute in respect of the matters dealt with in these Rules and the User Agreement and undertakes not to enforce any of the same except as expressly provided herein.

#### **Severance of terms**

F9.11 If any provision of these Rules or the User Agreement is declared invalid, unenforceable or illegal by the courts of any jurisdiction to which it is subject or pursuant to arbitration or by order of any Competent Authority, such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of these Rules and the User Agreement which shall continue in full force and effect notwithstanding such invalidity, unenforceability or illegality.

## **Schedule 1: Definitions and interpretation**

### **Part I: Definitions**

In these Rules, capitalised words and phrases have the meanings given to them below unless the context requires otherwise.

“Active Capacity Holding” means for each Interconnector Unit, the Active Interconnector Unit Import Capacity Holding and the Active Interconnector Unit Export Capacity Holding for each Trading Period during the Optimisation Time Horizon, with values in aggregate for import being consistent with the Maximum Import Available Transfer Capacity for import and with values in aggregate for export being consistent with the Maximum Export Available Transfer Capacity for export;

“Amendment Notice” means the notification and any associated documents issued by the Operator pursuant to Rule A4, provided to the Users and which provide Users with the Operators’ proposed amendment(s) to the Rules;

“Applicable Law” means any statute, statutory instrument, licence, code or any request, requirement, instruction, direction or rule of any Competent Authority but only, where not having the force of law, if compliance with the Applicable Law is in accordance with the general practice of persons to whom the Applicable Law is addressed;

“Applicant” has the meaning given to it in Rule B3.1;

“Application Form” means the form designated by the Operator as such for the purposes of these Rules from time to time and included in the Application Pack;

“Application Pack” means the package of information and other documents designated by the Operator as such for the purposes of these Rules from time to time;

“Approved Credit Rating” means (in the case of Units with a Product Period of up to one year) an A-1/P-1 short term rating from both Moody’s and Standard & Poor’s and (in the case of Units with a Product Period in excess of one year) a minimum medium term rating of A/A2 from both Moody’s and Standard & Poor’s and in either case is not on credit watch with a negative outlook; provided that a Unit Holder who does not have an A-1/P-1 short term rating or (as the case may be) an A/A2 medium term rating shall nevertheless be deemed to have an Approved Credit Rating if the Operator is satisfied, in its absolute discretion, that the Unit Holder has a level of financial strength which is not less than that of a person with an A -1/P-1 short term rating or (as the case may be) an A/A2 medium term rating;

“Auction” means any auction conducted under these Rules;

“Auction Credit Limit” means a credit limit established by a User under Rule C3 in respect of participation in any Auction;

“Auction Management Platform” is the trading platform for the allocation of Long Term capacity; “Auction Price” means the value of the Marginal Price of an Auction, and which is payable by all Unit Holders resulting from such Auction;

“Auction Specification” means, the specification for the Auction published by the Operator and includes Offered Capacity, Auction Product, Bidding Period etc.

“Authority” means the Northern Ireland Authority for Utility Regulation;

“Balancing and Settlement Code” means the code of that name established under the NGET Transmission Licence;

“Balancing Mechanism Unit” or BMU is a term used in the BETTA Market, representative of an Interconnector Unit’s relative energy usage;

“Bank Eligibility Requirements” means as defined in C.3.3.2;

“Banking Licence” means a licence or authorisation to take deposits issued by the Financial Services Authority in the United Kingdom under the Financial Services and Markets Act 2000 (United Kingdom) or a licence issued by the Irish Financial Regulator under Section 9 of the Central Bank Act 1971 (Ireland) or any equivalent licence or authorisation granted by an equivalent regulatory body in any Member State of the European Union;

“British Electricity Transmission and Trading Arrangements” or “BETTA” means the single wholesale electricity market for Great Britain which is provided for in Chapter 1 of Part 3 of the Energy Act 2004;

“Bid” means a User’s offer to buy Units in an Auction, and made in accordance with these Rules;

“Bid Price” is the price in Pounds which a User is willing to pay for MW of capacity;

“Bidding Period” means, in relation to an Auction, the time during which Bids may validly be submitted in that Auction in accordance with these Rules. It can also be referred to as “Bidding Window” or “Trading Window”;

“British Summer Time” or BST applies during the summer months in the United Kingdom during which the clocks are advanced from Greenwich Mean Time (GMT) by one hour. The British Summer Time period begins on the last Sunday of March and ends on the last Sunday of October;

“Business Day” means a week-day, other than a public holiday when banks in Belfast are open for business;

“Business Rules” means the rules for day to day use of Interconnector Capacity in Schedule 4;

“Capacity Shortage” means there is insufficient capacity available in any Settlement Period in a given direction leading to the potential curtailment of Units;

“Capacity Subcontracting Arrangement” means any arrangement between a Unit Holder and another person under which the User allows the person, either directly or indirectly, to use the Interconnector Capacity of the Unit Holder;

“Capacity Transfer” means the mechanism by which a Unit Holder passes over Units to another User in accordance with Rule E4.4, and “Transfer Capacity”, “Transferred”, “Transferee” shall have corresponding meanings;

“Capacity Transfer Notice” has the meaning given to it in Rule E4.4.1(a);

“Capacity Transfer Period” has the meaning given to it in Rule E4.4.1(d);

“Central Bank Act” 1971 means an act to make further provision in relation to banks and banking, including provision for the licensing and supervision of banks by the Central Bank of Ireland, to amend and extend the Currency and Central Bank Acts, 1927 to 1964;

“Chartered Institute of Arbitrators - Irish Branch” means an authority on the regulation, administration, training and promotion of arbitration on the island of Ireland;

“Commercial Offer Data” has the meaning given in the SEM Trading and Settlement Code;

“Commission for Energy Regulation” means the Commission for Energy Regulation, or CER, as established pursuant to the Electricity Regulation Act, 1999 or any successor body;

“Competent Authority” means the Authority, the Department of Enterprise Trade and Investment, the Department of Communications, Energy and Natural Resources, the Irish Regulator, the GB Regulator and any local, national or supra-national agency, authority, department, inspectorate, minister, ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, Northern Ireland, Great Britain, Ireland, or the European Union;

“Confidential Information” means any item of information, regardless of its form, disclosed by the Operator or a User to the other under or in connection with these Rules, other than any item of information which:

- (a) was, at the time of the disclosure, within the public domain;
- (b) not being within the public domain at the time of disclosure, enters the public domain otherwise than as a result of a breach of a confidentiality obligation owed in relation to that item of information of which the Recipient is aware; or
- (c) was already known to the Recipient or was independently (of the Disclosing Party) acquired or developed by the Recipient without being in breach of its obligations under the Rules;

“Credit Cover” means security for payment of amounts owed under these Rules provided under Rule C3;

“Credit Cover Incident” means the failure of a User to provide the renewal of Credit Cover as specified under Rule C3.15;

“Curtailment” means to reduce Unit Holders’ Interconnector Capacity and Nominations in accordance with Rule E7 and “Curtailed”, “Curtailed” have corresponding meanings;

“CUSC” means the Connection and Use of System Code established under the NGET Transmission Licence;

“Daily” means processes relating to Auctions with Product Period of one (1) Trading Day and associated Interconnector Capacity activities, the business process for which is described in Schedule 4;

“Daily Auction” means any Auction of Daily Units;

“Daily ICE” means the ICE described under Rule E.2.3.1 pertaining to Interconnector Capacity being allocated (subject to any Curtailment) to a Unit Holder pursuant to Daily Auctions and Secondary Market within the Daily Timescale;

“Daily Unit” means a Unit offered in a Daily Auction, with Unit Validity Times as specified in the relevant Auction Specification;

“Day Type” means any of Working Days, non-Working Days or all Days as the case may be, in the context of a Capacity Transfer Notice;

“Debt Proceedings” has the meaning given to it in Rule F8.2.1;

“Deemed Metered Volumes” means volumes of energy allocated to Users’ Energy Accounts by the Operator calculated using the rules in Schedule 5;

“Default Bid” means the automatic submission of Bids in respect of a particular Auction type pre-prepared by the User;

“Default Nomination” means the automatic generation and submission of Nominations in respect of a particular Timescale which are identical to the ICE notified to the User in respect of such Timescale;

“Deposit Account” means a deposit account at a bank that satisfies the criteria outlined C.3.4.1;

“Disclosed Information” means all information and data provided by or on behalf of the Operator to Users and Applicants in connection with the Rules including the Application Pack and the Moyle User Guide;

“Disclosing Party” means, in relation to an item of Confidential Information, the person that disclosed the item;

“Dispute” has the meaning given to it in Rule F8;

“Eligibility Conditions” means the conditions required of Users before being eligible to participate in the Auctions, the Secondary Market and Long Term Nominations process;

“Eligibility Notice” has the meaning given to it in Rule B2.2;

“Ending Overlap Optimisation Period” means a for any given Optimisation Time Horizon and the associated run of the MSP Software, that part of the Optimisation Time Horizon which falls after the relevant Trading Day;

“Energy Account” means in relation to a User the User’s Production Interconnector BM Unit and Consumption Interconnector BM Unit under the Balancing and Settlement Code;

“Energy Transmission” means the transmission of electricity across the Interconnector;

“ENTSO-E” is the European Network of Transmission System Operators for Electricity;

“Force Majeure” has the meaning given to it in Rule F5.1;

“Forced Outage” means any Outage of which notice was given after the publication of the Auction Specification for the Daily Auction for the Trading Day on which the Outage occurs;

“Framework Agreement” means the agreement (including any Accession Deed) under which a person becomes bound by the Code;

“Gate Closure” means, for a specific Timescale and in relation to a Settlement Period, the last time at which bids can be made in relation to that Settlement Period;

“Gate Window” means a period of time within which data transactions may be submitted and accepted for use in the associated MSP Software Run;

“Gate Window Closure” means the time prior to which data transactions may be submitted and accepted for use in the associated MSP Software Run;

“Gate Closure Opening” means the time after which data transactions may be submitted and accepted for use in the associated MSP Software Run;

“GB Grid Code” means the document referred to as the Grid Code in the NGET Transmission Licence;

“GB Regulator” means the Gas and Electricity Markets Authority, as established under the Governing Act;

“GMT” means Greenwich Mean Time;

“Governing Act” means the Electricity Act 1989 in England and Wales as amended and supplemented by the Utilities Act 2000;

“Grid Code” means the Ireland Grid Code, Northern Ireland Grid Code or both, as the context requires;

“ICE Portfolio” means a report detailing ICEs on the Auction Management Platform;

“Insolvency Event” means in relation to a User, any of the following events:

(a) an order of a competent court is made or a resolution is passed for its insolvent winding up or dissolution;

(b) a receiver of the whole or any material part of its assets or undertaking is appointed (whether under contract or by a court) or a decision for the opening of insolvency proceedings (except in application of Rule F6.5) has been made by a competent court;

(c) an administration order is made or a voluntary arrangement is proposed or a decision is made to appoint a mediator or to approve a voluntary arrangement with creditors;

(d) anything analogous to, or having a substantially similar effect to, any of the circumstances specified in paragraphs (a) to (c) above occurs in relation to the User in any jurisdiction;

“Intellectual Property” means (present and future), patents, inventions, design rights, database rights, trade secrets, know-how, any applications for registration of any of the foregoing, and any other intellectual or industrial property rights of whatsoever nature, whether similar to those described above or otherwise, whether registerable or not, existing now or in the future created throughout the world;

“Interconnector” means the interconnection of the NIE System with the NGET Transmission System;

“Interconnector Capability” means the capability of the Interconnector to transmit electrical energy between Northern Ireland and GB;

“Interconnector Capacity” means the right of use of the Interconnector made available by the Operator in Auctions, to facilitate the Transmission of energy by Users between Northern Ireland and GB, to the extent that Interconnector Capability permits and as provided for in these Rules;

“Interconnector Capacity Entitlement” or ICE of a Unit Holder for a Trading Day in a direction and per Timescale is a schedule showing, the total number of MW of Interconnector Capacity the Unit Holder is entitled to Nominate during each hour of that Trading Day in that direction and for the relevant Auction Type determined in accordance with these Rules.

“Interconnector Capacity Payment” means the payment in respect of Generator Units in each Capacity Period on the basis of their Eligible Availability;

“Interconnector Controllers” means the parties who control the interconnector in near-time (scheduling) and real-time;

“Interconnector Unit Nomination” or IUN is a quantity nominated for import or export for an Interconnector Unit. This is an economic schedule and may not reflect the physical characteristics of the Interconnector (e.g. Ramp Rates). IUN = Nomination;

“Interest” means three percentage points per annum above the base lending rate of the Bank of Ireland;

“Intraday” starts after SEM gate closure (currently 10:00 am) on TD-1 and may be defined as any time after SEM gate closure and before real-time;

“Intraday Auction” means any Auction of Intraday Units;

“Intraday Unit” means a Unit with a Product Period shorter than a Trading Day;

“Irish Regulator” means the “Commission for Energy Regulation”, initially established as the Commission for Electricity Regulation under the Electricity Regulation Act, 1999;

“Letter of Credit” means an unconditional and irrevocable standby letter of credit in the form set out in Schedule 7 “Standard Letter of Credit” and which satisfies the criteria outlined in C3.4.1.;

“Long Term” means processes relating to Auctions with Product Periods greater than one (1) Trading Day;

“Long Term Units” means a Unit with a Product Period longer than one (1) Trading Day, as specified in the relevant Auction Specification;

“Manifest Error” has the meaning given to it in Rule D6.7.;

“Marginal Price” means the lowest winning Bid received by the Operator in an Auction;

“Market Schedule Quantity” means the quantity of Output for each Generator Unit in each Trading Period, prior to adjustment for Transmission Losses or Distribution Losses, as calculated by the MSP Software or otherwise in accordance with the SEM Trading and Settlement Code;

“Maximum Interconnector Unit Export Capacity” means the upper limit of export an Interconnector Unit is declaring as part of its Commercial Offer Data;

“Maximum Interconnector Unit Import Capacity” means the upper limit of import an Interconnector Unit is declaring as part of its Commercial Offer Data;

“Modified Interconnector Unit Nomination” or MIUN means for each Interconnector Unit in each Trading Period, a value expressed in MW which is calculated as defined in the SEM Trading and Settlement Code;

“Moyle Interconnector” means, the electrical interconnector between Northern Ireland and Scotland which is owned by the Operator and which comprises the converter stations at Ballycronan More, Co. Antrim, Northern Ireland and Auchencrosh, Ayrshire, Scotland and the undersea and underground electric lines which interconnect such converter stations, together with its connections to the NIE System and the GB System;

“Moyle Interconnector User Agreement” or “User Agreement” means an agreement between the Operator and a User in or substantially in the form set out in Schedule 2;

“Moyle Interconnector Framework Deed” means the document of that name in the form prescribed by the Operator from time to time, which at the date of this Agreement shall be in the form set out in Schedule 9;

“Moyle User Guide” means the guide to the AMP published by the Operator from time to time;

“MSP Software” means the “Market Scheduling and Pricing” software used by the Market Operator to determine Market Schedule Quantities for each Price Maker Generator Unit and to determine the System Marginal Price for each Trading Period;

“MSP Software Run” means one of the following types of run of the MSP Software: Ex-Ante Indicative MSP Software Run, Ex-Post Indicative MSP Software Run, Ex-Post Initial MSP Software Run, Ex-Ante One MSP Software Run, Ex-Post Two MSP Software Run or Within Day MSP Software Run which are defined within the SEM Trading and Settlement Code;

“Netting” means the superposition of Nominations in two opposite directions (Ireland-GB and GB-Ireland), in order to release some capacity in the more congested direction for the next allocation step, and “Netted” shall have corresponding meaning;

“NGET” means National Grid Electricity Transmission plc, a company incorporated in England and Wales;

“NGET Transmission Licence” means the licence granted by the Secretary of State to NGET under Section 6(1)(b) of the Governing Act permitting, inter alia, the transmission of electricity in England and Wales, as amended from time to time;

“NGET Transmission System” means the system comprising electric lines owned or operated by NGET for the transmission of electricity as defined in the GB Grid Code;

“NIE System” means the electricity transmission system in Northern Ireland;

“Nomination” means, in relation to a Unit Holder, the act of nominating Units for use by the Unit Holder;

“Nomination Gate Closure” means, for a specific timescale and in relation to a Settlement Period, the last time at which Nominations can be made in relation to that Settlement Period;

“NTC Reduction” has the meaning given to it in E7;

“Office of the Gas and Electricity Markets” (OFGEM) in Great Britain governed under the Gas and Electricity Markets Authority (GEMA) provided for under the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998 and the Enterprise Act 2002;

“Offered Capacity” means the number of Units being made available in the respective Unit Validity Times in an Auction;

“Operator” is Moyle Interconnector Limited or, as applicable, any party engaged by Moyle Interconnector Limited to discharge its functions under these rules;

“Optimisation Time Horizon” means a contiguous group of Trading Periods over which an MSP Software Run applies;

“Outage” means any reduction of Interconnector Capability in either direction and includes Forced Outages and Trips;

“Payment Incident” has the meaning given to it in C2.8;

“Physical Notification” is a file containing MIUNs submitted to NGET on behalf of each User;

“Planned Outage Period” defines the period where the Interconnector is operating at a reduced availability and hence Capacity Units allocated through Long Term auctions may be allocated to a reduced extent during this period;

“Pound(s)” means pounds sterling, the currency in Northern Ireland;

“Product Period” means the period of time beginning on the first Trading Day in respect of a specific Auction and ending at the end of the last Trading Day in respect of such Auction.

“Recipient” means, in relation to an item of Confidential Information, the person to whom it is disclosed;

“Reinstatement Notice” means a written notice from the Operator to the User reinstating the User’s rights in relation to use of the Interconnector and its ability to participate in Auctions and/or the Secondary Market;

“Resale” means the offering of Units in an Auction by the Operator on behalf of a User, and the resulting reallocation of those Units to another User in accordance with Rule E4.3, and “Resell”, “Resold” shall have corresponding meanings;

“Resale Period” means the period of time specified as such by a User in a Resale Request;

“Resale Request” means a written notice from a User to the Operator requesting the Operator to Resell the User’s Units during the Resale Period;

“Resale Unit” means Units for resale by Unit Holders that are made available in Long Term Auctions via the Secondary Market;

“Resold Unit Quantity” means (in MWh) equals the product of the (a) number of Units Resold by the User at a specific Auction (in megawatts) and (b) the aggregate hours of the Unit Validity Times within the Product Period of such Auction;

“Rules” means these the Operator Access Rules, as amended from time to time;

“Secondary Market” means Resale and Capacity Transfer of Interconnector Capacity;

“SEM Trading and Settlement Code” means the rules governing the Single Electricity Market;

“Set of Bids” means all valid Bids from a User registered in the Auction Management Platform and as modified during the relevant Bidding Period, at any time;

“Settlement Period” means each half-hour period coinciding with Settlement Periods as defined in the Balancing and Settlement Code;

“Single Electricity Market” or “SEM” means the single wholesale electricity market for the Island of Ireland, implemented in Northern Ireland pursuant to Section 23 of the Northern Ireland (Miscellaneous Provisions) Act 2006 and implemented in Republic of Ireland pursuant to the Act and the Single Market Regulations;

“Single Electricity Market Operator” or “SEMO” means both the Northern Ireland Market Operator Licensee and Republic of Ireland Market Operator Licensee for the Single Electricity Market;

“Single Market Regulations” means the Electricity Regulation Act 1999 (Single Electricity Market) Regulations 2007;

“Standard Training” means a set of on-line exercises designed by the Operator to enable Users to become sufficiently familiar with the Auction Management Platform. The exercises shall be undertaken on the test platform of the Auction Management Platform with remote support from the Operator and in conjunction with a User Guide and other relevant documentation;

“Standing Data” means, in relation to a User, the data and other information to be given by the User to the Operator described in Schedule 3;

“Starting Overlap Optimisation Period” means a contiguous group of Trading Periods as part of a particular Optimisation Time Horizon which fall prior to the associated Trading Window;

“Superpositioning” means the mechanism which ensures that the net flow on an Interconnector must not exceed the physical capacity, yet allows trading in excess of the physical limits on flows of energy;

“Suspension Event” means, in relation to a User, any of the following events:

- (a) the User’s rights referred to in Section H3.2.2(c) of the Balancing and Settlement Code are suspended under Section H3.2.1 of that Code;
- (b) the User becomes a Dormant CUSC Party (as defined in CUSC);
- (c) any request is made under CUSC for the Operator to cease or procure the cessation of the transport of power across the Interconnector by or on behalf of the User;

“Suspension Event of Default” has the meaning given to it in Rule F6.3.2;

“System Operator” means each of SONI, EirGrid or NGET in their capacity as operator of the Northern Ireland Transmission System, Irish Transmission System and NGET Transmission System respectively;

“Taxes” means all forms of taxation and any penalty, fine, surcharge, interest, charges or costs payable in connection with any Taxes;

“Technical Dispute” means any dispute relating to technical matters in relation to Parts A, B, C, D or E of these Rules, including but not limited to technical matters relating to the Auction Management Platform;

“Termination Event of Default” has the meaning given to it in Rule F6.4.2;

“Timescale” means either Long Term, Daily or Intraday period of time;

“Trading and Settlement Code” refers to the Rules governing SEM;

“Trading Day” means the period commencing at 06:00 GMT/BST each day and ending at 06:00 GMT/BST the next day.

“Trading Period” means a thirty minute period beginning on each hour or half-hour;

“Trading Window” means a contiguous number of Trading Periods, excluding the Starting Overlap Optimisation Period and Ending Overlap Optimisation Period, for which the relevant MSP Software Run will determine Market Schedule Quantities;

“Trading Year” means the period commencing at 06:00 GMT/BST each day and ending at 06:00 GMT/BST the next day for a duration of one year;

“Transmission Pass-Through Charge” is a charge for use of the transmission system which is passed through pro-rata to the amount of capacity allocated;

“Transmission System Operator” means each of SONI, EirGrid or NGET in their capacity as operator of the Northern Ireland Transmission System, Irish Transmission System and NGET Transmission System respectively;

“Trip” means any unforeseen event which results in an Outage;

“Unit” means the right to an ICE of up to 1MW (subject to Curtailment and these Rules) in a particular direction and during the Product Period of the Unit, as defined in Rule E2.1 and subject to and on the terms and conditions of these Rules;

“Unit Holder” means a User who has been allocated Units under these Rules, any of which at the relevant time have not yet reached the end of their Product Period and Users to whom a Capacity Transfer is made;

“Unit Price” means, for a Unit, the Auction Price (in Pounds per megawatt hour) resulting from the Auction at which the Unit was allocated to the User;

“Unit Quantity” means, in megawatt-hours, the product of (a) the number of Units allocated to the User at a specific Auction (in megawatts) and (b) the aggregate hours of the Unit Validity Times within the Product Period of such Units;

“Unit Resale Price” means, for a Unit, the Auction Price (in Pounds per megawatt hour) resulting from the Auction at which the Unit was Resold by the User, as set out in Rule E4.3.10;

“Unit Validity Times” means:

- (i) in the case of Long Term Units, the specific periods within the Product Period for which the Units have been offered in the applicable Auction,
- (ii) in the case of Daily Units, the individual periods for which the Units have been offered in the applicable Auction,
- (iii) in the case of Intraday Units, the individual periods for which the Units have been offered in the applicable Auction;

“Unused Units” has the meaning given to it respectively in Rules E5.2.1 and E5.3.1, and is referred, in the Auction Management Platform, “Non-Nominated capacity”;

“Use of System Agreement” means an agreement or agreements setting out the terms on which the User may use the Transmission System and the NGET Transmission System;

“Use-It-or-Sell-It” (UIOSI) has the meaning given to it in Rule E5;

“User” means any person, other than the Operator, who for the time being is a party to the User Agreement and who may be allocated Units under these Rules;

“User System” means any and all relevant systems of the User required to be in place and approved by the Operator before the User is eligible to trade on the Moyle Interconnector;

“Validation Technical Offer Data” means certain Technical Offer Data items, as set out in Appendix I of the SEM Trading and Settlement Code;

“Validity Period” has the meaning given in Rule C3.

## **Part II: Interpretation**

In these Rules (including its Schedules) unless the context requires otherwise:

- (a) the singular indicates the plural and vice versa;
- (b) references to one gender include all other genders;
- (c) the table of contents, headings and examples are inserted for convenience only and do not affect the interpretation of the Rules;
- (d) the word “including” and its variations are to be construed without limitation;
- (e) any reference to legislation, regulations, directive, order, instrument, code or any other enactment shall include any modification, extension or re-enactment of it then in force;
- (f) any reference to a “Rule” is a reference to a rule contained in the relevant Section, any reference in a Schedule to a “paragraph” is a reference to a paragraph contained in that Schedule and any reference to a “Schedule” is a reference to a Schedule to the Rules. Rules are identified by reference to the relevant Section and Rule number. For example Rule D4 refers to Rule 4 in Section D;
- (g) any reference to another agreement or document, or any deed or other instrument is to be construed as a reference to that other agreement, or document, deed or other instrument as amended, varied, supplemented, substituted or novated from time to time;
- (h) a reference to time is a reference to GMT/BST time unless (otherwise specified);
- (i) the symbol \* requires multiplication to be effected;

- (j) where the Operator is required to publish any information under these Rules, it may do so by making the information or data available on its website or via the Auction Management Platform.

## Schedule 2: Form of Moyle Interconnector User Agreement

**THIS AGREEMENT** is made the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_

### **BETWEEN:**

- (1) **MOYLE INTERCONNECTOR LIMITED**, an incorporated company registered in Northern Ireland under number NI036562, having its registered office at First Floor The Arena Building; 85 Ormeau Road; Belfast BT7 1SH, Northern Ireland (the **"Operator"**); and
- (2) **THE PARTY NAMED IN ITEM 1 OF SCHEDULE 3** of the Moyle Access Rules whose incorporation details are set out at Item 2 of Schedule 3 of the Moyle Access Rules and whose registered office is at the locations set out in Item 3 of Schedule 3 of the Moyle Access Rules (the **"User"**).

### **BACKGROUND:**

- (A) The Operator is the owner and operator of the Interconnector and has established the Moyle Access Rules governing the relationship between the Operator and the Users and more particularly setting out the arrangements for selling rights to use the Interconnector and the terms of such use.
- (B) The User wishes to acquire rights to use capacity on the Interconnector pursuant to and in accordance with the Moyle Access Rules.
- (C) The Parties are entering into this Agreement for the purposes of giving effect to and binding themselves to the Moyle Access Rules in relation to the User's acquisition and use of capacity on the Interconnector.

**NOW IT IS HEREBY AGREED** as follows:

### **1. Definitions and Interpretation**

- 1.1 In this Agreement the following words shall have the following meanings except where the context requires otherwise:

**"Agreement"** means this Moyle User Agreement including all Schedules;

**"Approved Credit Rating"** means:

- (a) where the User has rights in respect of Units with a Product Period in excess of one year, a minimum medium term rating of A/A2 from both Moody's and Standard & Poor's; or
- (b) where the User does not have rights in respect of Units with a Product Period in excess of one year, an A-1/P-1 short term rating from both Moody's and Standard & Poor's,

and in either case is not on credit watch with a negative outlook; provided that a User who does not have an A-1/P-1 short term rating or (as the case may be) an A/A2 medium term rating shall nevertheless be deemed to have an Approved Credit Rating if the Operator is satisfied, in its absolute discretion, that the User has a level of financial strength which is not less than that of a

person with an A -1/P-1 short term rating or (as the case may be) an A/A2 medium term rating;

**“Auction Management Platform”** means the electronic trading platform used to facilitate the sale and purchase of Units of capacity on the Interconnector in accordance with Moyle Access Rules;

**“Auction Management Platform Go Live Date”** means such date as may be notified by the Operator to the User in advance as being the date from which all purchases of Units will be required to be made using the Auction Management Platform;

**“Business Day”** has the meaning given in the Moyle Access Rules;

**“Commencement Date”** means the later of the Auction Management Platform Go Live Date and the date of execution of this Agreement;

**“Competent Authority”** has the meaning given in the Moyle Access Rules;

**“Credit Cover”** means the security for payment obligations under this Agreement and the Moyle Access Rules required pursuant to Clause 5;

**“Deposit Account”** means a deposit account at a bank in the United Kingdom that satisfies the criteria outlined in the definition of Qualifying Issuer where:

- (a) the account is in the joint names of the Operator and the User;
- (b) interest on the amount deposited in the account accrues for the benefit of the User, after any deduction for any tax or bank charges;
- (c) the Operator and the User have irrevocably instructed the bank to make payments to the Operator against the sole signature of the Operator;
- (d) the bank has agreed that the amount deposited in the account must not be set off or otherwise applied by the bank in respect of any indebtedness of the User, the Operator or any other person; and
- (e) amounts (other than interest) standing to the credit of the account will not be paid to the User without the prior written agreement of the Operator;

**“Guarantor”** has the meaning given in Clause 5.3(c);

**“Interconnector”** means, the electrical interconnector between Northern Ireland and Scotland which is owned by the Operator and which comprises the converter stations at Ballycronan More, Co. Antrim, Northern Ireland and Auchencrosh, Ayrshire, Scotland and the undersea and underground electric lines which interconnect such converter stations, together with its connections to the NIE System and the GB System;

**“Letter of Credit”** means an unconditional irrevocable stand-by letter of credit from a Qualifying Issuer in the form set out in Schedule 7 of the Moyle Access Rules approved by the Operator issued for the account of the User in sterling in favour of the Operator and allowing for partial drawings and providing for the payment to the Operator forthwith on demand by any UK clearing bank or such other bank as the Operator may approve and which is available for payment at a branch of the issuing bank;

**“Moyle Access Rules”** means the rules of that name established by the Operator pursuant to Condition 17 of the Transmission Licence granted to the Operator in relation to the grant of rights to use Units of capacity on the Interconnector as amended from time to time, [the current version of which is available at <http://www.mutual-energy.com/>];

**“Moyle Interconnector Capacity Framework Agreement”** means the agreements of that name entered into by the Operator and capacity holders for use of capacity on the Interconnector prior to the Commencement Date;

**“Moyle User Guide”** means the guide to the Auction Management Platform, published by the Operator and designated as such by it from time to time;

**“Party”** means each of the Operator and the User and **“Parties”** means both of them;

**“Pre-Existing Rights to Capacity”** means any rights to capacity on the Interconnector held by the User prior to the Commencement Date;

**“Product Period”** has the meaning given in the Moyle Access Rules;

**“Qualifying Issuer”** means a legal person which either:

- (a) possesses a current A rating or better awarded by Standard & Poor’s Rating Services or a current A2 rating or better awarded by Moody’s Investors Service. Inc. in respect of its most recent unsecured (and unsubordinated) long term debt issue on any capital market or, if the said agencies should both cease to publish such ratings, possesses an equivalent rating from another ratings agency of equal repute; or
- (b) is otherwise approved by the Operator and, is permitted to accept deposits pursuant to Part IV of the Financial Services and Markets Act, 2000,

provided that if any person previously possessing the rating set out in (a) above should cease to possess such rating or, being admitted to be a Qualifying Issuer by virtue only of approval pursuant to paragraph (b), should be the subject of a notice by the Operator to the User to the effect that the issuer has, in the reasonable opinion of the Operator, suffered a material adverse change in its financial condition since its approval, such person shall cease to be a Qualifying Issuer;

**“Security Cover”** has the meaning given in the Moyle Interconnector Capacity Framework Agreement;

**“Transmission Licences”** means the licence granted to NIE and/or the licence granted to SONI Limited and/or the licence granted to the Operator under Article 10(1)(b) of the Electricity (Northern Ireland) Order 1992, as the context requires; and

**“Unit”** has the meaning given in the Moyle Access Rules.

- 1.2 The rules of interpretation in the Moyle Access Rules apply to this Agreement.

## 2. **Moyle Access Rules**

- 2.1 The Moyle Access Rules are hereby given effect between and made binding upon each Party with effect from the Commencement Date by both Parties.

2.2 With effect from the Commencement Date, each Party undertakes to the other Party to comply with and perform its obligations in accordance with and subject to the Moyle Access Rules.

2.3 The Moyle Access Rules may be amended by the Operator from time to time in accordance with the terms thereof. The Parties shall be bound by the Moyle Access Rules as amended from time to time.

### 3. **Transitional Arrangements**

3.1 Any Moyle Interconnector Capacity Framework Agreements entered into by the Operator and the User prior to the Commencement Date are hereby terminated with effect from the Commencement Date.

3.2 Subject to Clause 3.3, any Pre-Existing Rights to Capacity shall be deemed with effect from the Commencement Date to be rights to Units held by the User such that:

- (a) the number of Units held by the User shall equal the number of MW of Pre-Existing Rights to Capacity;
- (b) the direction of the Units shall be the same as the direction of the Pre-Existing Rights to Capacity; and
- (c) the Product Period of the Units shall be the duration of the Pre-Existing Rights to Capacity.

3.3 Where Pre-Existing Rights to Capacity are deemed to be Units pursuant to Clause 3.2:

- (a) such Units shall be subject to all terms and conditions of this Agreement and the Moyle Access Rules as if they were Units acquired under the Moyle Access Rules, including the obligations in respect of provision of Credit Cover under Clause 5 and the consequences of not providing such Credit Cover;
- (b) any Security Cover provided by the User in respect of the Pre-Existing Rights to Capacity shall be returned by the Operator as soon as practicable after the Commencement Date; and
- (c) for the avoidance of doubt, provision of Security Cover in respect of the Pre-Existing Rights to Capacity shall not satisfy the requirements of Clause 5 in relation to the provision of Credit Cover in respect of such Units after the Commencement Date.

### 4. **Warranties**

4.1 The User warrants to the Operator at the time of entering into this Agreement that:

- (a) the information and data provided by the User to the Operator in its Application Form (as defined in the Moyle Access Rules) is true, accurate and complete in all respects;
- (b) the User will not by entering into this Agreement or acquiring rights under the Moyle Access Rules infringe any anti-trust or competition legislation or any undertaking or other obligation arising under any antitrust or competition legislation;

- (c) in the case of a User that is not a natural person, it is duly incorporated and validly existing under the laws of its country of incorporation;
- (d) the User has full power and authority to enter into and perform this Agreement and to acquire and exercise rights under the Moyle Access Rules and all necessary action has been taken on its part to authorise entry into and performance of this Agreement and rights under the Moyle Access Rules;
- (e) this Agreement and rights acquired under the Moyle Access Rules constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms;
- (f) the User has taken the steps necessary to ensure that it has access to all the relevant documentation issued by the Operator including but not limited to the Moyle Access Rules and the Moyle User Guide; and
- (g) the User warrants that it is not insolvent and that it has no knowledge of any possible insolvency proceedings that may be brought against it in the immediate future.

4.2 If any of the above ceases to be true with regard to the User at any time prior to termination of this Agreement, the User shall promptly notify the Operator of that fact and shall provide full details.

## 5. Credit Cover

5.1 Unless otherwise agreed by the Operator at its sole discretion, if at the beginning of any Product Period, the User does not have an Approved Credit Rating, then by the date of commencement of the Product Period (or such later date as is agreed by the Operator at its sole discretion) the User must provide the Credit Cover.

5.2 If at any time during any Product Period the User ceases to have an Approved Credit Rating, it must within 10 Business Days of so ceasing, provide the Credit Cover.

5.3 If the User is required to provide Credit Cover, it must deliver to the Operator and subsequently maintain security against payment default in the form of:

- (a) a Letter of Credit; or
- (b) a cash deposit in an interest bearing joint Deposit Account; or
- (c) such other form as the Operator agrees (which may, if agreed by the Operator include a parent company guarantee from an entity that has an Approved Credit Rating (“**Guarantor**”) in favour of the Operator in the form set out in Schedule 8 of the Moyle Access Rules),

as security for payment of all monies due to the Operator under this Agreement or the Moyle Access Rules, including amounts payable on termination under the Moyle Access Rules. The amount of the Credit Cover must be the amount calculated under Clause 5.8.

5.4 In the event that:

- (a) the Guarantor ceases to hold an Approved Credit Rating; or

- (b) the issuer of the Letter of Credit under Clause 5.3(a) ceases to be a Qualifying Issuer;

then the User shall within 2 Business Days procure that the Operator is the beneficiary of either (i) a replacement guarantee complying with the provisions of Clause 5.3(c) or (ii) a Letter of Credit or replacement letter of credit (as the case may be) substantially in the form set out in Schedule 7 of the Moyle Access Rules issued by a Qualifying Issuer.

- 5.5 The Operator shall be entitled to make a demand up to the full amount under a Letter of Credit in the event of non-payment of any amount due if failure to make payment is not remedied on or before the 5<sup>th</sup> Business Day after notice of that failure is given in accordance with the Moyle Access Rules.
- 5.6 The Operator will release Credit Cover (and in the case of a cash deposit, any interest accrued in respect of the cash deposit, less any bank and similar charges and any taxes deducted by the bank) to the User within 10 Business Days of the later of:
  - (a) receipt of a written request from the User that the Credit Cover be released; and
  - (b) the date when the User has paid all amounts owing by it in respect of this Agreement and the Moyle Access Rules.
- 5.7 Return of Credit Cover is without prejudice to the rights of the Operator under this Agreement and the Moyle Access Rules and does not relieve the User of any of its obligations or any liability in respect of this Agreement or the Moyle Access Rules.
- 5.8 The amount of Credit Cover required to be provided on any day (“D”) shall be an amount which is not less than the User’s aggregate liability to the Operator under this Agreement and the Moyle Access Rules during the three Month period commencing on day D.
- 5.9 The Operator may in its absolute discretion vary the requirements for Credit Cover at any time by notice in writing to the User, provided that unless otherwise agreed in writing by the Parties:
  - (a) such variation shall take effect from the date specified by the Operator in the notice to the User (the “**Variation Date**”) in respect of any Units that have a Product Period that commences after such Variation Date; and
  - (b) the User shall continue to comply with the then current Credit Cover requirements in respect of any Units that have a Product Period that commences prior to such Variation Date.

## 6. Notices

- 6.1 All notices and other communications between the Parties under or in connection with this Agreement and the Moyle Access Rules must be given in accordance with the Moyle Access Rules.
- 6.2 The address and contact details for the Parties are as follows:

**The Operator:**  
Moyle Interconnector Limited  
First Floor, The Arena Building  
85 Ormeau Road

Belfast BT7 1SH  
For the attention of: The Finance Department  
Fax number: +44 28 9024 9673

E-Mail: [notices@moyleinterconnector.com](mailto:notices@moyleinterconnector.com)

**The User:**

As set out in Schedule 3 of the Moyle Access Rules.

- 6.3 Contact details of a Party can be amended from time to time by notice from that Party.

**7. Termination**

- 7.1 This Agreement may be terminated only as provided for in the Moyle Access Rules.
- 7.2 A breach of this Agreement shall be deemed to be a breach of the Moyle Access Rules and a breach of the Moyle Access Rules shall be deemed to be a breach of this Agreement.

**8. Assignment, Agency and Subcontracting**

- 8.1 Notwithstanding anything else in this Agreement or the Moyle Access Rules, the Operator shall be entitled, without the consent of the User to assign, charge or otherwise encumber this Agreement or the Moyle Access Rules and/or any rights or benefits under this Agreement or the Moyle Access Rules (including any rights in respect of capacity sales by way of security to any provider of finance or re-finance to the Operator or to any agent or trustee on their behalf.
- 8.2 Notwithstanding anything else in this Agreement or the Moyle Access Rules, the Operator may at any time appoint any person as agent or sub-contractor to exercise all or any of its rights and/or perform all or any of its obligations under this Agreement or the Moyle Access Rules.
- 8.3 The User acknowledges that as at the Commencement Date, SONI Limited:
- (a) has been appointed as the Operator's agent for the purposes of offering the right to use capacity pursuant to the Moyle Access Rules; and
  - (b) operates the Interconnector as contractor to the Operator.
- 8.4 The User shall comply with any written directions from the Operator in connection with the matters in respect of which the User shall deal with an agent or sub-contractor appointed pursuant to Clause 8.2 instead of or in addition to the Operator.

**9. General**

- 9.1 This Agreement and the Moyle Access Rules shall be governed by and construed in accordance with the law of Northern Ireland and the Courts of Northern Ireland have exclusive jurisdiction in relation to any matter arising under or in respect of this Agreement or the Moyle Access Rules.
- 9.2 References in the Moyle Access Rules to the Moyle User Agreement must be read and construed as references to the Moyle Access Rules and this Agreement.



### **Schedule 3: Standing Data**

This Schedule 3 lists the Standing Data to be provided by each User. Rule B3 requires Users to keep their Standing Data up to date.

1. Name.
2. Registered address.
3. Address for correspondence.
4. Telephone number.
5. Mobile number
6. Facsimile number.
7. Commercial contact person and their contact details.
8. Operational contact person and their contact details.
9. Invoicing contact person and their contact details.
10. Identification of the User's Production Interconnector BM Unit and Consumption Interconnector BM Unit under the Balancing and Settlement Code.
11. EIC Code.
12. E-mail address for operational communications.

## **Schedule 4: Business Rules for Use of Interconnector Capacity**

### **1. Introduction**

1.1 This Schedule 4 describes the business process and timings of the following activities:

- (a) calculation and notification by the Operator of the Settlement Period values of the ICE's per Timescale for each User in each direction for each Trading Day;
- (b) notification by each User of Resales and Capacity Transfers at each relevant Timescale;
- (c) submission by each User of Long Term Nominations in each direction for each Trading Day.

1.2 Notwithstanding Rule A4.7, timings given in this Schedule 4 are nominal timings, which may be subject to change from time to time and under exceptional circumstances. In this case, Users would be informed of new timings to follow in due time.

1.3 Times are given in GMT/BST.

1.4 Users should note that in addition to these Business Rules, in using the Interconnector they must comply with the Grid Code and GB Grid Code and any other binding Northern Irish or GB rule.

### **2. Energy Accounts**

2.1 Each User must identify its Production and Consumption Interconnector BM Units under the SEM Trading and Settlement Code and Balancing and Settlement Code in its Standing Data.

2.2 Each User may notify an Energy Transmission against one of each of the types of Energy Account referred to above in any one Settlement Period.

### **3. Long Term Business Process**

3.1 Dates of Long Term Auctions are published in advance (end of Trading year Y-1 for Long Term Auctions taking place in Trading year Y) by the Operator.

3.2 Five (5) Business Days before the day when a Long Term Auction is planned, the Operator shall publish an initial Auction Specification, pursuant to Rule D3. The Offered Capacity in this initial Specification does not include Units offered for Resale at this Long Term Auction.

3.3 After the Final Results publication of any previous associated Long Term Auction and no later than thirty (30) minutes before the Final Specification of another associated Long Term Auction, Capacity Transfer Notices and Resale Requests of Units initially allocated in any previous Long Term Auction can be submitted to the Operator, in accordance to Rule E4.

3.4 Thirty (30) minutes before the opening of a Long Term Auction, the Final Specification of this Long Term Auction is published by the Operator, pursuant to Rule D3. The Offered Capacity in this Final Specification includes Units submitted for Resale at this Long Term Auction, subject to any Curtailment, pursuant to Rules D3 and E7.

3.5 A Long Term Auction opens and closes at the times given in the relevant Long-Term Auction Specification (or at any other times specified by the Operator after publication of the

Auction Specification). During this period of time, Users can submit Bids to the Operator, in accordance with Rules D3 and D6.

3.6 Once the Auction is closed, at the time specified in the Auction Specification (or at any other time specified by the Operator), Units are allocated, pursuant to Rule D7, and Preliminary Results of this Long Term Auction are published.

3.7 Two hours after the publication of the preliminary Results of a Long-Term Auction (or at any other time specified in advance by the Operators), the Final Results of this Auction are published, and Capacity Transfer Notices and Resale Requests can be submitted to the Operators, in accordance with Rule E4

3.8 Capacity Transfer Notices and Resale Requests of Units initially allocated in any previous Long Term Auction can be submitted to the Operator, in accordance to Rule E4, up to thirty (30) minutes before the Final Specification of another Long Term Auction. Any Capacity Transfer of Long Term Units must be confirmed by the User to whom the Capacity Transfer was made within three (3) hours of the Capacity Transfer Notice being received by the Operator, and no later than thirty (30) minutes before the Final Specification of another associated Long Term Auction.

3.9 Any Long Term Unit for the Trading Day D can be subject to a Capacity Transfer Notice until 14.30 on D-2.

3.10 The Operator will notify each Unit Holder of its Long Term ICE for Trading Day D in each Direction, pursuant to Rule E2, at 15.15 on D-2.

3.11 Unit Holders can submit Long Term Nominations of Long Term Units for the contract Day D, from opening of the gate for Long Term Nominations at 15.30 on the Day D-2 until Long Term Nomination Gate Closure at 06.15 on Day D-1, in accordance with Rule E3 (or at any other time specified in advance by the Operator).

3.12 When D-2, in respect of a Trading Day D, is not a Business Day, then the opening of the Gate for Long Term Nominations shall take place on the last Business Day preceding D-2, at

#### **4. Day-Ahead Business Process**

4.1 The Auction Specification of a Daily Auction of Units for Trading Day D is published by the Operator no later than 06.45 on day D-1, in accordance with Rule D4.

4.2 A Daily Auction of Units for Trading Day D opens at 07.00 and closes at 07.30 on day D-1 (or at any other times specified by the Operator in the relevant Auction Specification or after publication of the Auction Specification). During this period of time, Users can submit bids to the Operator, in accordance with Rules D4 and D6.

4.3 Once the Daily Auction is closed, Units are allocated, pursuant to Rule D7, and Preliminary Results of this Daily Auction are published within twenty (20) minutes after the end of the Bidding Period.

4.4 Ten minutes after the publication of the preliminary Results of a Daily Auction (or at any other time specified in advance by the Operator), the Final Results of this Daily Auction are published.

The Operator will notify each Unit Holder of its Daily ICE for Trading Day D in each Direction, pursuant to Rule E2, by 08.30 on day D-1.

#### **5. Intra-day Business Process**

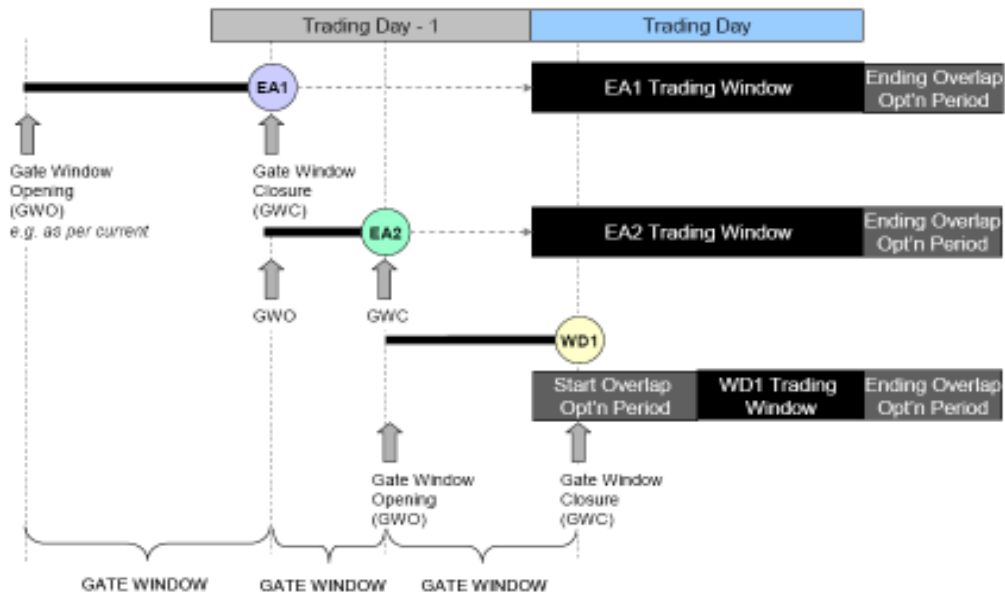
5.1 There are three Gate Windows (EA1, EA2 and WD1).

5.2 The Gate Window for EA1 opens at 10.00 on day D-29 and closes at 09.30 on day D-1 and covers the period from the start of the Trading Day at 06.00 until the end of the Trading Period starting at 05.30.

5.3 The Gate Window for EA2 opens at 09.30 on day D-1 and closes at 11.30 on day D-1 and covers the period from the start of the Trading Day at 06.00 until the end of the Trading Period starting at 05.30.

5.4 The Gate Window for WD1 opens at 11.30 on day D-1 and closes at 08.00 on day D and covers the period from 18.00 until the end of the Trading Period starting at 05.30..

### Description of the Intraday Trading Solution in SEM



### Key Events and Timings

	EA1	EA2	WD1
<b>Gate Windows</b>			
Gate Window Opening	10.00 on D-29	09.30 on D-1	11.30 on D-1
Gate Window Closure	09.30 on D-1	11.30 on D-1	08.00 on D
<b>Trading Windows</b>			
Start of Trading Window	Start of Trading Day (Trading Period starting 06.00)	Start of Trading Day (Trading Period starting 06.00)	Trading Period starting 18.00
End of Trading Window	End of Trading Day (Trading Period starting 05.30)	End of Trading Day (Trading Period starting 05.30)	End of Trading Day (Trading Period starting 05.30)
<b>Optimisation Time Horizons</b>			
Start of Optimisation Time Horizon	Start of Trading Day (Trading Period starting 06.00)	Start of Trading Day (Trading Period starting 06.00)	Start of Trading Day (Trading Period starting 06.00)
End of Optimisation Time Horizon	Trading Period starting 11.30 following end of Trading Day	Trading Period starting 11.30 following end of Trading Day	Trading Period starting 11.30 following end of Trading Day
<b>Starting Overlap Optimisation Period</b>			
Start of Starting Overlap	N/A	N/A	Start of Trading Day

Optimisation Period			(Trading Period starting 06.00)
End of Starting Overlap Optimisation Period	N/A	N/A	Trading Period immediately prior to start of Trading Window
<b>Ending Overlap Optimisation Period</b>			
Start of Ending Overlap Optimisation Period	Trading Period starting 06.00 following the end of Trading Day	Trading Period starting 06.00 following the end of Trading Day	Trading Period starting 06.00 following the end of Trading Day
End of Ending Overlap Optimisation Period	Trading Period starting 11.30 following end of Trading Day	Trading Period starting 11.30 following end of Trading Day	Trading Period starting 11.30 following end of Trading Day
<b>VTOD Set Selection Gate Closure</b>			
VTOD Set Selection Gate Closure	10 minutes prior to EA1 Gate Closure Window	10 minutes prior to EA2 Gate Closure Window	N/A <sup>1</sup>

<sup>1</sup> VTOD set selection may not be submitted within the WD1 Gate Window.

## **Schedule 5: Deemed Metered Volume Allocation**

### **1. Introduction**

For the BETTA market, the Operator will calculate the Deemed Metered Volumes for each User for each direction for each Settlement Period in each Trading Day and allocate those amounts to the Energy Accounts of Users in accordance with this Schedule 5.

### **2. Deemed Metered Volumes**

2.1 For each Settlement Period, the Deemed Metered Volume of each BM Unit is equal to the sum of the MIUNs (as amended by any Curtailment) of that User integrated over the Settlement Period to give a kWh figure.

### **3. Losses**

3.1 The physical flow on the Interconnector is subject to losses.

### **4. Adjustment for losses**

4.1 No losses are applied to energy volumes for BETTA. Losses are only applied by SEM.

4.2 The treatment of losses on the Moyle Interconnector is covered in Section 4 the SEM Trading and Settlement Code.

4.3 The Transmission Loss Adjustment Factor applied to flows on Moyle is published on the SEMO website.

### **Schedule 6: List of Long Term products**

On the date of entry into force of these Rules, the following products are offered under Long Term Auctions:

- Trading annual
- Trading seasonal: six months period (winter period being from October to March inclusive, summer period being from April to September inclusive);
- Trading quarterly: three months period (January to March inclusive, April to June inclusive, July to September inclusive, October to December inclusive);
- Trading month

The Operator may offer other Long Term products if in its reasonable opinion the current Long Term products are not sufficient.

Should the Operator deem it necessary to offer other Long Term products then the Operator will provide Users with reasonable notice of such products and the timings of when such products will be offered.

## Schedule 7: Standard Letter of Credit

### Form of Irrevocable Letter of Credit

[On the letterhead of [Bank]]

To: Beneficiary

Attention: [ ]

Date: [ ], 20

Dear Sirs,

We refer to the Moyle Interconnector User Agreement in relation to the Moyle Interconnector, between Beneficiary and [User] (the “**Applicant**”) dated [ ], 20 , as such agreement may be amended or restated from time to time (the “**User Agreement**”).

We establish this irrevocable letter of credit in your favour available for drawing in one or more amounts up to a maximum aggregate amount of £[*Amount of Security Amount still to be determined under the terms of the User Agreement*] (less any amounts previously drawn down) upon your written demand.

Your demand shall be in the form of the Certificate attached to this letter of credit with the blanks completed as appropriate.

Payment will be made by us not later than one business day (i.e. a day on which the banks are open for business in Belfast and London) after receipt of your demand.

Payment by us under this letter of credit shall be in Sterling for same day value and shall be paid to your account at [*details of account*] or to the account designated in your demand.

This letter of credit expires at 3:00 p.m. London time on [ ] for presentation of your demand at our counters.

Any demand or communication from you to us in respect of this letter of credit shall refer to this letter of credit and be made in writing, sent by postage prepaid registered mail or tested telex (telex number [*Bank's telex number*]) or delivered by hand to us at [*address of Bank*], or such other address and/or telex number as we may specify in writing. In any event, each demand and communication must be addressed “To the attention of Documentary Credits dept. [ ] and pre-advised by fax to [Bank's Doc. Credits dept. fax no. ]”.

This letter of credit is an independent obligation and shall not in any way be amended or amplified by reference to any document, instrument or agreement referred to in this letter of credit or to which this letter of credit relates.

This letter of credit shall be governed by and construed in accordance with the laws of England, and for our benefit only, the courts of England shall have exclusive jurisdiction to settle any disputes arising out of this letter of credit. This letter of credit is subject to the Uniform Customs and Practice for Documentary Credits, 2007 Revision, International Chamber of Commerce Publication No. 600 insofar as the same are applicable (but so that Article 32 thereof shall be deemed excluded and the second sentence of Article 36 thereof shall be deemed excluded for this purpose with effect that, if this letter of credit expires during any interruption of business referred to in the first sentence of such Article, the Bank shall remain liable to make payment under this letter of credit in respect of any demand no later than 15 Business Days after it has notified the Beneficiary that its business has ceased to be so interrupted).

The terms of the Contracts (Rights of Third Parties) Act 1999 shall not apply to this letter of credit.

Yours faithfully,

For and on behalf of  
[BANK]

.....  
Name:

Title:

## CERTIFICATE

This certificate forms an integral part of [Bank], London's Letter of Credit No. [ ] and must remain attached hereto

[On headed paper of Beneficiary]

Date: [ ]

We refer to:

- (a) the Moyle Interconnector User Agreement in relation to the Moyle Interconnector, made between, Beneficiary and [ ] (the "**Applicant**") dated [ ], 20 (the "**User Agreement**"); and
- (b) the letter of credit No. [ ] issued on [ ] by [BANK] for a maximum aggregate amount of Sterling £[ *Amount of Security Amount still to be determined under the terms of the User Agreement or Moyle Access Rules*] (less any amounts previously drawn down) (the "**Letter of Credit**").

We hereby demand payment of £[ ] under the Letter of Credit and hereby certify that:

- (i) This Demand is made under the Letter of Credit;
- (ii) Either:
  - (a) The Applicant has failed to meet its payment obligations to us under the User Agreement or Moyle Access Rules and written demand has been made upon the Applicant for due performance of its payment obligations; or
  - (b) the Applicant has failed to provide a replacement Letter of Credit in accordance with the requirements of the User Agreement or the Moyle Access Rules.
- (iii) Payment should be made to the account referred to in the Letter of Credit or such other account as may be agreed between us.

Yours faithfully,

For and on behalf of  
Beneficiary

**Schedule 8: Form of Guarantee**

**DATED**                    **20[ ]**

(1) GUARANTOR

and

(2) MOYLE INTERCONNECTOR LIMITED

---

PARENT COMPANY GUARANTEE

---

THIS GUARANTEE is made by way of deed on [ ], 20

BETWEEN:

- (1) [GUARANTOR] of [ ] (the “**Guarantor**”); and
- (2) MOYLE INTERCONNECTOR LIMITED, having its registered office at First Floor The Arena Building; 85 Ormeau Road; Belfast BT7 1SH (“**Moyle**”).

WHEREAS:

- A. [User] (the “**User**”) has entered into a Moyle Interconnector User Agreement (the “**User Agreement**”) dated [ ] with Moyle.
- B. The Guarantor is the parent company of the User and has agreed to guarantee all the payment obligations of the User under the User Agreement in accordance with the terms and conditions of this Guarantee.

IT IS AGREED as follows:

Unless the contrary intention appears or otherwise defined in this Guarantee, terms defined in the User Agreement shall have the same meaning in this Guarantee.

## 1. **Guarantee**

- 1.1 The Guarantor, as primary obligor and not merely as surety, irrevocably and unconditionally:
  - (a) guarantees to Moyle the full and prompt performance by the User of its payment obligations under the User Agreement (the “**Liabilities**”) and undertakes that it shall, if and each time the User is in default in the payment of any of the Liabilities, pay on demand the unpaid balance of every sum due and payable by the User in respect of any of the Liabilities; and
  - (b) indemnifies Moyle on demand in respect of any loss or liability suffered by Moyle as a result of any obligation guaranteed by the Guarantor pursuant to paragraph (a) above becoming unenforceable, invalid or illegal as if the obligation had not become unenforceable, invalid or illegal.

## 2. **Preservation of rights**

- 2.1 The obligations of the Guarantor under this Guarantee shall constitute and be continuing obligations and extend to the ultimate balance of the Liabilities notwithstanding any settlement of account or other matter or thing whatsoever, and in particular but without limitation, shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the Liabilities and shall continue in full force and effect until final payment in full of all the Liabilities.
- 2.2 The obligations of the Guarantor under this Guarantee are in addition to and not in substitution for any other security which Moyle may now or in the future hold in relation to the Liabilities or any of them and may be enforced without Moyle first having recourse to any such security and without Moyle first taking steps or proceedings against the User. In the event that Moyle brings proceedings against the User, the Guarantor shall be bound by any findings of fact, interim or final award or judgment made by an arbitrator or the court in such proceedings.
- 2.3 Neither the obligations of the Guarantor under this Guarantee nor the rights, powers and remedies conferred upon Moyle by this Guarantee or by law shall be discharged, impaired or otherwise affected, in whole or in part, by:

- (a) the winding-up, dissolution, administration or reorganisation of the User or any change in its status, function, control or ownership;
  - (b) any of the Liabilities or any of the obligations of the User under the User Agreement or any other security in respect of the Liabilities being or becoming illegal, invalid or unenforceable in any respect;
  - (c) time or other indulgence being granted or agreed to be granted by Moyle or any other person to, or any composition or other arrangement made with or accepted from (i) the User in respect of the Liabilities or any of them or (ii) any person in respect of any such security;
  - (d) any amendment to, or any variation, waiver or release of any of the Liabilities or any such security;
  - (e) any failure to enforce, realise or fully to realise the value of, or any release, discharge, exchange or substitution of, any such security;
  - (f) any failure (whether intentional or not) to take, or fully to take, or perfect any security now or hereafter agreed to be taken in relation to the Liabilities or any of them;
  - (g) the release of any other person under the terms of any composition or arrangement with any creditor thereof; or
  - (h) any other act, event or omission (whether or not known to the Guarantor or Moyle) which, but for this Clause 2.3, would or might operate to discharge, impair or otherwise affect any of the obligations of the Guarantor under this Guarantee or any of the rights, powers or remedies conferred upon Moyle by law to the intent that the Guarantor's obligations under this Guarantee shall remain in full force and this Guarantee shall be construed accordingly as if there were no such act, event or omission.
- 2.4 The Guarantor by this Guarantee authorises the User and Moyle to make any addendum or variation to the User Agreement, the due and punctual performance of which addendum and variation shall likewise be guaranteed by the Guarantor in accordance with the terms of this Guarantee.
- 2.5 Where any settlement or discharge (whether in respect of the obligations of the User or otherwise) is made in whole or in part, or any arrangement is made on the faith of any payment, security or other disposition which is avoided or has to be repaid on bankruptcy, liquidation or otherwise without limitation, the liability of the Guarantor under this Guarantee shall continue and Moyle shall be entitled to recover the value or amount of such obligations subsequently as if such settlement or discharge had not occurred. Moyle shall be entitled to concede or compromise any claim that any payments, security or other disposition is liable to avoidance or repayment.
- 2.6 Until all amounts which may be or become payable under the User Agreement or this Guarantee have been irrevocably paid in full:
- (a) the Guarantor shall not as a result of this Guarantee or any payment or performance under this Guarantee be subrogated to any right or security of Moyle or, in competition with Moyle, claim or prove against the User or any other person or demand or accept repayment of any monies or claim any right of contribution, set-off or indemnity and any sums received by the Guarantor or the amount of any set-off exercised by the Guarantor in breach of this provision shall be held by the Guarantor in trust for and shall be promptly paid to Moyle; and
  - (b) the Guarantor shall not hold any security from the User in respect of this Guarantee and any such security which is held in breach of this provision shall be held by the Guarantor in trust for and shall promptly be transferred to Moyle.

- 2.7 Until all amounts which may be or become payable under the User Agreement have been irrevocably paid in full, if (notwithstanding the provisions of clause 2.6) the Guarantor has any rights of subrogation against the User or any rights to prove in a liquidation of the User, the Guarantor agrees to exercise such rights in accordance with the directions of Moyle.

### 3. **Payments**

All payments to be made by the Guarantor to Moyle hereunder shall be made in Pounds without set-off or counterclaim and without any deduction or withholding whatsoever. If the Guarantor is obliged by law to make any deduction or withholding from any such payment, the amount due from the Guarantor in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, Moyle receives a net amount equal to the amount Moyle would have received had no such deduction or withholding been required to be made.

### 4. **Representations and Warranties**

The Guarantor represents and warrants to Moyle as follows:

(a) **Status**

- (i) It is a limited liability company, duly incorporated and validly existing under the laws of the jurisdiction of its incorporation; and
- (ii) it has the power to own its assets and carry on its business as it is being conducted.

(b) **Powers and authority**

It has the power to enter into and perform, and has taken all necessary action to authorise the entry into, performance and delivery of, this Guarantee and the transactions contemplated hereby.

(c) **Legal validity**

This Guarantee constitutes its legal, valid and binding obligation enforceable against it.

(d) **Non-conflict**

The entry into and performance by it of, and the transactions contemplated by, this Guarantee do not and will not:

- (i) conflict with any existing law or regulation or judicial or official order; or
- (ii) conflict with its constitutional documents; or
- (iii) conflict with any document which is binding upon it or any of its assets.

(e) **Authorisations**

All authorisations required to be obtained by it in connection with the entry into, performance, validity and enforceability of, and the transactions contemplated by, this Guarantee have been obtained or effected (as appropriate) and are in full force and effect.

(f) **No reliance**

That it has not entered into this Guarantee in reliance upon, nor has it been induced to enter into this Guarantee by any representation, warranty or undertaking made by or on behalf of Moyle (whether expressed or implied and whether pursuant to statute or otherwise) which is not set out in this Guarantee.

**5. Notices**

5.1 Any notice to or demand on the Guarantor to be served under this Guarantee may be delivered or sent by first class recorded delivery post or facsimile transmission to the Guarantor at its address appearing in this Guarantee or at such other address as it may have notified to Moyle in accordance with this clause.

5.2 Any notice or demand served under Clause 5.1 shall be deemed to have been served:

- (a) if delivered, at the time of delivery; or
- (b) if posted, at 10.00 a.m. on the second Business Day after it was put into the post; or
- (c) if sent by facsimile process, at the expiration of 2 hours after the time of despatch, if despatched before 3.00 p.m. on any Business Day, and in any other case at 10.00 a.m. on the next Business Day.

5.3 In proving service of a notice or demand it shall be sufficient to prove that delivery was made or that the envelope containing the notice or demand was properly addressed and posted as a prepaid first class recorded delivery letter or that the facsimile message was properly addressed and despatched, as the case may be.

**6. Interest**

The Guarantor hereby agrees to pay interest on all moneys due from it from the date of demand until payment (as well after as before any demand or judgment or the liquidation, administration or other incapacity of the User) at the rate from time to time calculated in accordance with the User Agreement or at such higher rate as may from time to time be payable by the User or would have been payable but for the liquidation, administration or other incapacity of the User or any arrangement or composition with the creditors of the User upon such days and upon such terms as Moyle may from time to time determine.

**7. Assignment**

Moyle shall be entitled by notice in writing to the Guarantor to assign the benefit of this Guarantee at any time to any person to whom it assigns or transfers its rights under the User Agreement without the consent of the Guarantor being required and any such assignment shall not release the Guarantor from liability under this Guarantee.

**8. Severability**

The invalidity, illegality or unenforceability in whole or in part of any of the provisions of this Guarantee shall not affect the validity, legality and enforceability of the remaining part or provisions of this Guarantee.

**9. Governing Law and Jurisdiction**

This Guarantee shall be governed by and construed in accordance with the laws of Northern Ireland and the courts of Northern Ireland shall have exclusive jurisdiction in relation to any matter arising under or in respect of this Guarantee.

IN WITNESS WHEREOF this Guarantee has been duly executed as a deed and has been delivered on the day and year first above written.

Executed for and on behalf of )  
Moyle Interconnector Plc )  
by:- )

.....  
Director

.....  
Director/Secretary

Executed for and on behalf of  
[the Guarantor]  
by:-

)  
)

.....  
Director

.....]  
Director/Secretary

## Schedule 9 Moyle Interconnector Framework Deed

This DEED is made on the        day of        200

### BETWEEN:

- (1) **SONI LIMITED**, a company registered in Northern Ireland (Registered Number NI38715) whose registered office is at 12 Manse Road, Belfast BT6 9RT (“SONI”)
- (2) [Name of Moyle User] registered in [jurisdiction] (Registered Number [number]) whose registered office is at [address] (the “Moyle Capacity User”)

### RECITALS:

- (A) SONI is authorized under the Transmission Licence to participate in the transmission of electricity and carries on the Transmission System Operator Business (as defined in the Transmission Licence).
- (B) Moyle owns the Interconnector and is authorised to participate in the transmission of electricity across the Interconnector under the Moyle Licence. It maintains the Interconnector and grants third parties rights to use the capacity of the Interconnector under arrangements established under the Moyle Licence from time to time and on the terms of the Moyle Capacity Agreements. Moyle has appointed SONI to operate the Interconnector.
- (C) In order for transfers of electricity across the Interconnector to take effect, certain administrative functions must be performed and an Interconnector Administrator and an Interconnector Error Administrator must be appointed under the BSC and the TSC. SONI performs the functions of the Interconnector Administrator and Interconnector Error Administrator under the TSC and the BSC and the other Moyle Administration Functions in order to facilitate use of the Interconnector, subject to each User of Interconnector capacity executing and delivering a current Moyle Interconnector Framework Deed as a condition of its right to use capacity, and subject to cost recovery and on a no liability basis.
- (D) The Moyle Capacity User wishes to participate in transactions for the sale and purchase of electricity that will involve the transfer of electricity between Scotland and Northern Ireland using the Interconnector. The TSC, the BSC, the Moyle Capacity Agreements, the Moyle Interconnector Procedures, and the provisions of this Deed establish the arrangements under which SONI will perform the Moyle Administration Functions.
- (E) The Moyle Capacity User has therefore executed this Deed in favour of SONI, as required by the Moyle Capacity Agreement.

### NOW IT IS AGREED AS FOLLOWS:

#### 1. Definitions and interpretation

1.1 In this Deed the following words and phrases bear the following meanings except where the context requires otherwise:

1.2	1.3
“BM Unit Identifier”	as defined in the CUSC;
“BSC”	means the Balancing and Settlement Code of Great Britain;
“Claim”	means any claim or demand for any Loss in respect of the performance or non-performance by any SONI Party of any obligation or the exercise by any SONI Party of or failure by any SONI Party to exercise any power or right, in each case in respect of any Moyle Administration Function whether such claim or demand is in respect of breach of contract, tort (including negligence), breach of duty (statutory or otherwise) or any other ground;
“Excluded Loss”	means Energy Costs, consequential, indirect or incidental loss or damage, economic loss, loss of actual or anticipated profits or savings, loss of sales or turnover, loss of production, loss of or damage to reputation, loss of goodwill, loss of business opportunity, and loss of customers;
“Energy Allocation”	as defined in the Moyle Interconnector Procedures;
“Energy Costs”	means amounts paid for or in respect of electricity, whether

		under a bilateral contract or a contract for differences or by way of payments under the BSC or the TSC for differences between nominated volumes of electricity and metered volumes;
“Interconnector”		means the electrical interconnector between Scotland and Northern Ireland which is owned by Moyle;
“Interconnector Administrator”		as defined in the BSC and/or the TSC, as the circumstances require;
“Interconnector BM Unit”		means an Interconnector BM Unit as defined in the BSC and/or an Interconnector Unit as defined in the TSC, as the circumstances require;
“Interconnector Error”		means in relation to the BSC, the BM Unit Metered Volume (as that term is defined in the BSC) for the relevant Interconnector BM Unit of the Interconnector Error Administrator and in relation to the TSC means the Metered Generation (as defined in the TSC) for the Interconnector Error Unit;
“Interconnector Administrator”	Error	has the meaning given to it in the BSC (in relation to that role under the BSC) and/or (as the circumstances require) means the person who has registered the Interconnector Error Unit for an interconnector under the TSC;
“Interconnector Expenses”	Error	means the costs, charges and expenses incurred by the Interconnector Error Administrator (whether ultimately borne by the Interconnector Error Administrator or not) in relation to any Interconnector Error, and shall include, but not be limited to, charges imposed on Trading Parties (as that term is defined in the BSC) under the BSC and any charges that may be imposed now or in the future under the TSC;
“Interconnector Error Unit”		as defined in the TSC;
“Loss”		means any and all losses of whatever nature (including Excluded Losses), judgments, remedies, claims, debts, damages, expenses and liabilities (including legal costs);
“Market Start Date”		as defined in the TSC;
“Moyle”		means Moyle Interconnector Limited;
“Moyle Administration Function”	Administration	means any of the functions described in the Moyle Interconnector Procedures and the functions of the Interconnector Administrator under the TSC and BSC, the Interconnector Error Administrator under the TSC and BSC, the operator of the Interconnector and agent for submission of Physical Notifications under clause 3 of this Deed;
“Moyle Capacity Agreement”		means an agreement with Moyle pursuant to which Moyle grants rights to use the capacity of the Interconnector together with each capacity contract as defined in that agreement;
“Moyle Capacity Party”		means the Moyle Capacity User and any of its officers, employees and agents and any person with whom the Moyle Capacity User enters into a contract for or in respect of the sale or purchase of electricity involving the transfer of electricity between Scotland and Northern Ireland;
“Moyle Capacity User”		means the Party executing this Deed in favour of SONI Limited, being a party to a Moyle Capacity Agreement or someone to whom capacity has been assigned in accordance with that agreement;
“Moyle Interconnector Procedures”	Interconnector	means the procedures for use of the Interconnector established by SONI in its capacity as Interconnector Administrator as may be amended by SONI from time to time;
“Moyle Licence”		means any licence from time to time held by Moyle under the Order or any other relevant law of any jurisdiction (including Northern Ireland and Great Britain) which authorises Moyle to participate in the transmission of electricity or participate in the operation of the Interconnector;
“Party” or “Parties”		either or both of SONI Limited and the Moyle Capacity User, as the context requires;
“Physical Notification”		as defined in the BSC;

“SONI Party”	means SONI and its officers, employees and agents, now and in the future;
“Termination”	includes rescission, revocation and cancellation and “Terminate” shall be construed accordingly;
“Transmission Licence”	means the licence to participate in the transmission of electricity granted to SONI Limited under the Electricity (Northern Ireland) Order 1992;
“TSC”	means the Single Electricity Market Trading and Settlement Code, as further defined in the Transmission Licence.

1.4 The rules of interpretation under the Moyle Capacity Agreement, with any necessary change, shall apply to the interpretation of this Deed as if set out in it.

1.5 This Deed is made by the Moyle Capacity User in favour of SONI and its officers, employees and agents whether SONI is carrying on the Moyle Administration Functions as principal or as agent.

## **2. Terms of use**

2.1 Subject to clause 2.3, the Moyle Capacity User agrees that as between the Moyle Capacity User and SONI, the Moyle Administration Functions are carried out by SONI on the terms of and subject to this Deed and the Moyle Interconnector Procedures.

2.2 Subject to clause 2.3, the Moyle Capacity User agrees to be bound by and to comply with the terms of this Deed and the Moyle Interconnector Procedures.

2.3 Clauses 2.1 and 2.2 are without prejudice to the terms of the TSC, the BSC and any Moyle Capacity Agreement in respect of the Interconnector and do not relieve the Moyle Capacity User from any of its obligations under those instruments.

2.4 The Moyle Capacity User acknowledges and agrees that:

2.4.1 the TSC provides for the Interconnector Administrator to submit the Active Interconnector Unit Capacity Holding Data (as defined in the TSC);

2.4.2 the TSC provides for Interconnector Users to submit Commercial Offer Data (as defined in the TSC);

2.4.3 SONI is entitled to submit Active Interconnector Unit Capacity Holding Data of zero in the circumstances contemplated by the Moyle Interconnector Procedures;

2.4.4 where zero values are submitted as contemplated in clause 2.4.3 the Interconnector User will not be able to use the Interconnector;

2.4.5 under the Moyle Capacity Agreement, the TSC, the BSC and/or the CUSC, there are circumstances in which no transfers of electricity across the Interconnector will take place; and

2.4.6 SONI shall have no liability to either party to a transaction involving a transfer of electricity between Scotland and Northern Ireland in any of the circumstances contemplated in clauses 2.4.3, 2.4.4 and 2.4.5.

## **3. Submission of Physical Notifications**

3.1 The Moyle Capacity User hereby appoints SONI as its agent for the purpose of submitting Physical Notifications in respect of Transfer Nominations in accordance with the Moyle Interconnector Procedures.

3.2 The Moyle Capacity User hereby undertakes that it will not itself submit Physical Notifications relating to use of capacity of the Interconnector.

3.3 The Moyle Capacity User shall indemnify the SONI Parties against any Losses that any SONI Party may incur in connection with a breach by the Moyle Capacity User of the undertaking in clause 3.2.

#### **4. Waiver and indemnity**

4.1 Subject to paragraph 4.3, the Moyle Capacity User hereby waives to the fullest extent permissible by law, and releases each SONI Party in respect of, any and all Claims, howsoever arising, the Moyle Capacity User may have against any SONI Party.

4.2 The Moyle Capacity User shall indemnify and hold harmless each SONI Party on demand from and against any Claim made by the Moyle Capacity User or any Moyle Capacity Party.

4.3 Nothing in this Deed shall exclude or limit the liability of either Party for death or personal injury resulting from its negligence or that of any of its officers, employees or agents nor for any liability in respect of fraudulent misstatement. Without prejudice to the terms of the BSC, the TSC or the CUSC, clause 4.1 is not intended by the Parties to limit or exclude the liability of either Party to the other where such liability arises as the result of a breach of an obligation owed by a Party under the terms of the TSC, the BSC or the CUSC in that Party's capacity as a party to the relevant code.

4.4 The Moyle Capacity User shall indemnify and hold harmless SONI on demand from and against all Interconnector Error Expenses suffered or incurred by SONI arising out of or in connection with any failure by the Moyle Capacity User to comply with the terms of this Deed or the Moyle Interconnector Procedures and notwithstanding any right that SONI might have, but for payment by the Moyle Capacity User under this clause 4.4, to recover some or all of those Interconnector Error Expenses under any other instrument.

4.5 Without prejudice to clause 4.1 or clause 4.3 and except where this Deed provides for an indemnity, the Parties agree that neither Party nor any of its officers, employees or agents shall be liable to the other Party nor to any of that Party's officers, employees or agents in any circumstances in respect of any Excluded Loss.

#### **5. Term and Termination**

5.1 This Deed shall come into effect on the later of the date of its execution and delivery by the Moyle Capacity User and the SEM Market Start Date and shall continue in full force and effect notwithstanding any amendment, variation or replacement of the TSC or BSC the Moyle Interconnector Procedures, the Transmission Licence or any Moyle Capacity Agreement.

5.2 Subject to clauses 5.3 and 5.4, this Deed may not be Terminated by either Party for so long as the Moyle Capacity User remains a party to a Moyle Capacity Agreement.

5.3 If SONI ceases to be Interconnector Administrator under the BSC, then SONI's appointment as agent for the Moyle Capacity User under clause 3.1 of this Deed terminates with effect from the time that SONI ceases to perform that function.

5.4 If SONI ceases to be Interconnector Administrator or Interconnector Error Administrator under the TSC or the BSC, SONI shall give notice to the Moyle Capacity User of the cessation of such role and shall have no liability to the Moyle Capacity User whatsoever for ceasing to carry out any of the Moyle Administration Functions.

5.5 The Termination of this Deed does not affect any rights or obligations which may have accrued prior to such Termination.

5.6 Clauses 4 (waiver and indemnity), 5.5 (accrued rights), 6.2 (third party rights) 6.3 (law and jurisdiction) and 6.4 (dispute resolution) shall survive the Termination of this Deed.

## 6. Disclosure

- 6.1 The Moyle Capacity User agrees that SONI is permitted to disclose information relating to the use by the Moyle Capacity User of the Interconnector where necessary to enable SONI to perform the Moyle Administration Functions, including disclosure of:
- 6.1.1 the BM Unit Identifiers of the Moyle Capacity User (if any) to Moyle in order to enable Moyle to perform its roles under the CUSC; and
  - 6.1.2 information relating to transfers over the Interconnector including Modified Interconnector Unit Nominations, Dispatch Quantities and Metered Quantities (each as defined in the TSC) for the purpose of the TSC, BSC, CUSC (as defined in the BSC) and the Moyle Interconnector Procedures.
- 6.2 If the Moyle Capacity User is under a legal obligation to protect the interests of any third person in any information reasonably likely to be disclosed by SONI under clause 6.1, then the Parties shall discuss in good faith mutually acceptable arrangements to protect the interests of that third party in that information in accordance with the relevant legal obligation.

## 7. General

- 7.1 **Third Party Rights:** Subject to this clause, a person who is not a Party has no right, and is not intended by the Parties to have any right, under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this clause does not affect any right or remedy of a third party which exists or is available apart from that Act. The Parties intend that the indemnity under clause 4.2 of this Deed shall be enforceable by the SONI Parties.
- 7.2 Notwithstanding clause 7.1 above, this Deed may be Terminated, amended or varied by the Parties without notice to or the consent of any SONI Party (other than SONI) even if, as a result, that SONI Party's right to enforce a term of this Deed may be varied or extinguished.
- 7.3 **Law and Jurisdiction:** Without prejudice and subject to clause 7.4, this Deed shall be governed by and construed in accordance with the laws of Northern Ireland and the Courts of Northern Ireland shall have exclusive jurisdiction in relation to any matter arising under or in respect of this Deed.
- 7.4 **Waiver:** No omission to exercise or delay in exercising any right, power or remedy ("Right") provided by law or under this Deed shall constitute a waiver of any such Right, or any other Right, and no single or partial exercise of any Right precludes or impairs any other or further exercise or the exercise of any other Right provided by law or under this Deed. Any waiver of any Right under this Deed must be in writing and may be subject to such conditions as the grantor thinks fit.
- 7.5 **Assignment:** Neither Party may assign the benefit of this Deed without the prior written consent of the other Party. This Deed is binding upon and enures for the benefit of the permitted assigns of each of the Parties.
- 7.6 **Severance:** Each of the provisions of this Deed is severable. If any such provision is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, such illegality, invalidity or unenforceability shall not prejudice the legality, validity or enforceability in that jurisdiction of the remaining provisions of this Deed which shall remain in full force and effect and continue to bind the Parties.
- 7.7 **Deed:** This Deed shall take effect as a deed notwithstanding that it may not have been executed as a deed by one or more of the Parties.

## 8. Variation and replacement of this Deed

- 8.1 No variation to this Deed shall be of any effect unless it is expressly contemplated by this Deed or is agreed in writing, signed by or on behalf of each Party.

8.2 Nothing in this clause 8 prevents SONI from requiring Moyle to prescribe a new form of Moyle Interconnector Framework Deed for the purposes of Moyle Capacity Agreements. The Moyle Capacity User acknowledges that it will be required to execute and deliver to SONI any such new form of deed to replace this Deed as a condition of its right to use capacity.

**9. Disputes**

9.1 Any difference or dispute of whatever nature between the Parties arising out of or in connection with this Deed (“Dispute”) must be resolved in accordance with this clause 9.

9.2 Where there is a Dispute, a representative of each of SONI and the Moyle Capacity User with authority to resolve the Dispute must meet within 10 Business Days of a request to meet made by either Party and seek to resolve the Dispute. If the Parties are unable to resolve the Dispute within 28 Business Days of the meeting (or such longer time as may be agreed) then the Parties may agree to refer the Dispute to arbitration pursuant to the rules of the Electricity Arbitration Association in force from time to time. In default of that agreement within 5 Business Days of either Party making a request to agree, each Party may take such other action in relation to the Dispute as it considers appropriate.

9.3 The law of Northern Ireland is the proper law of reference to arbitration under this clause and the provisions of the Arbitration Act 1996 (as from time to time amended) apply to any such arbitration.

9.4 Nothing in this clause 9 prevents either Party from at any time seeking interim or interlocutory relief from a court.

IN WITNESS WHEREOF this deed has been duly executed and delivered by the Parties as a deed on the day and year first written above.

SIGNED and DELIVERED AS A DEED by [INSERT NAME OF MOYLE CAPACITY USER]  
acting by .....  
Director .....  
(Name) .....  
Director/Secretary .....  
(Name) .....

SIGNED and DELIVERED AS A DEED by SONI LTD  
acting by .....  
Director .....  
(Name) .....  
Director/Secretary .....  
(Name) .....

## **Schedule 10: Transparency**

**All capacity allocation procedures shall be made transparently available to all market participants:**

The Moyle Access Rules will be made publicly available to all market participants via the Moyle website.

**The Operator shall publish all relevant data concerning its trade on the basis of the best possible forecast at that time:**

The Operator shall publish the yearly and day-ahead Net Transfer Capacity (NTC) to the market per border direction and for each market time unit, taking into account all relevant information available to the Operator and the TSOs at the time of the calculation (e.g. planned maintenance on the grid, availability of the assets, etc.)

**The Operator shall publish all available capacity depending on the type of auction and shall take into account all netted day-ahead nominations:**

For every type of auction the Operator will publish in advance the Available Transmission Capacity (ATC) to the market. The ATC is the part of NTC that remains available, after each phase of the allocation procedure, for further commercial activity. ATC is given by the following equation:  $ATC = NTC - AAC$ . The intra-day process in SEM will take into account all netted day-ahead nominations.

For every type of auction the Operator will publish in advance the Offered Capacity. The Offered Capacity is a part of or equivalent to the ATC that will be offered by the Operator to the market in a particular auction.

Intra-day capacity allocations will be published and take into account all netted day-ahead nominations.

**The Operator shall publish the allocated capacity after each allocation as well as an indication of the price paid.**

As soon as an auction is finished, the Operator will publish the results of the auction. The auction results will contain the following information:

For explicit auctions:

- Requested capacity; the capacity requested by market participants in the auction per border direction.
- Allocated capacity; the capacity allocated to market participants in the auction per border direction
- .Auction clearing price; the price participants have paid for the allocated capacity.

For implicit auctions:

- Allocated capacity; the capacity allocated to market participants in the auction will be published per border direction.

**The Operator shall publish as close as possible to real time aggregated realised commercial and physical flows by market time units:**

After a SEM gate closure, the aggregated commercial schedule of the capacity the link is scheduled to flow commercially on the delivery day will be published. The initial schedule will be updated after later gate closures. Therefore it is the sum of final scheduled exchanges.

**The Operator is committed to providing all relevant information to the market in due time for it to negotiate transactions:**

The Operator will publish all planned maintenance and forced outages on the system. The Operator will publish:

For a planned outage:

- Start (precise day and time) and planned stop dates and time of the outage,
- Impact on available transmission capacity (NTC)
- Reason for planned outage.

For a forced outage:

- Start (precise day and time) and estimated stop dates and time of the outage,
- Impact on available transmission capacity (NTC)
- Reason for planned outage.

For participants that are active on the Interconnector at the time of an outage and if this outage influences their nominated position, they will be informed by messages and SMS.