

IFA & Capacity Management System FAQ

October 1st 2009



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1. APPLICATION OF THE NEW ACCESS RULES



- **When will the new Access Rules (v7.0) come into force and for which products?**
 - ✓ The new IFA Access Rules (v7.0) will come into force from October 1st 2009 (Go live date)
 - ✓ Any product acquired from that date will be subject to these Rules
- **What about products acquired before October 1st with a validity period ending after October 1st?**
 - ✓ Until Go live, those products will be subject to Access Rules v6.0
 - ✓ From October 1st, the new Access Rules (v7.0) will apply



2. CMS SCOPE AND ACCESS

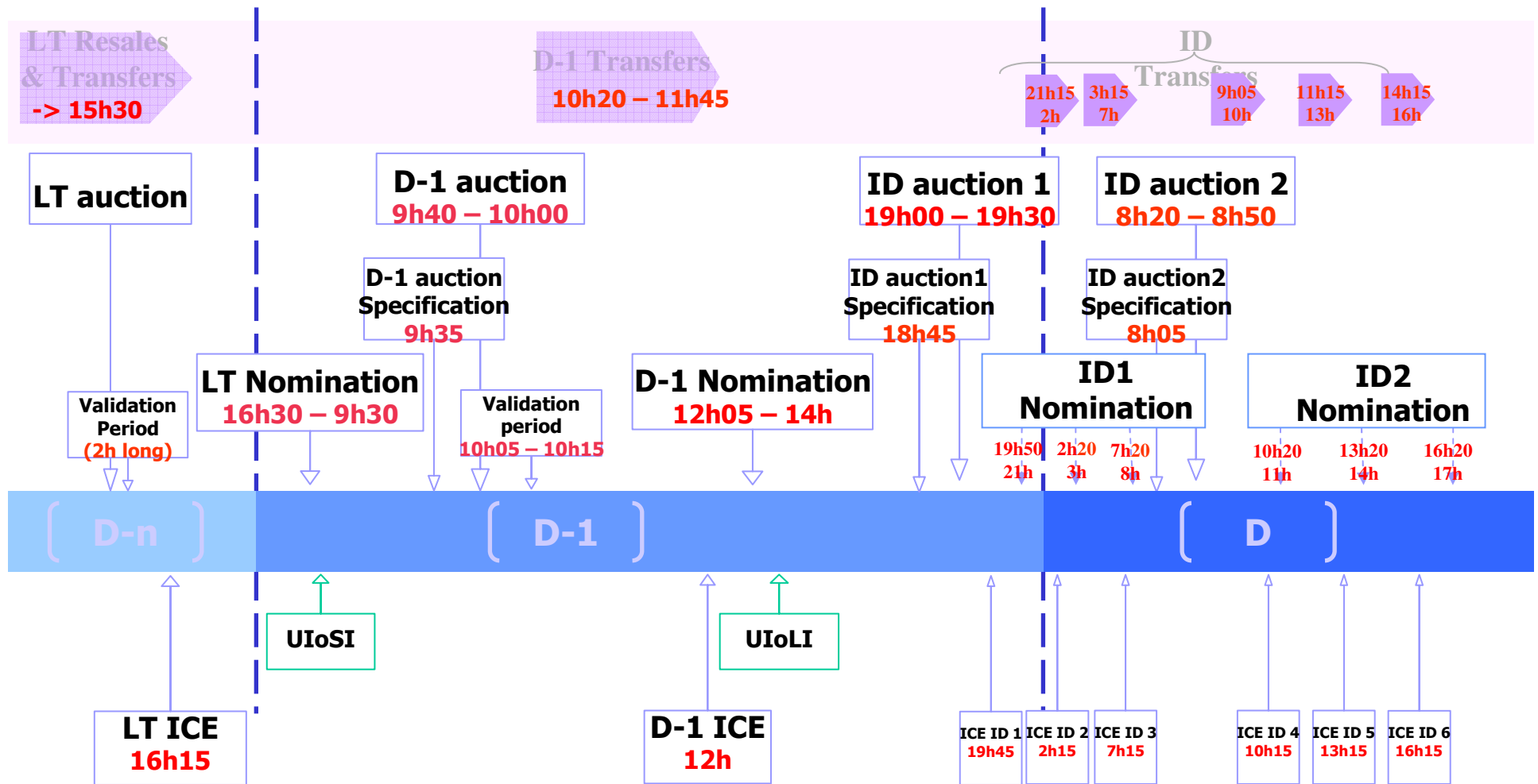
- **What is the CMS (Capacity Management System) scope?**
 - ✓ CMS will be the IS tool managing third party access to the France-England Interconnection (IFA)
 - ✓ CMS will be the only means to use IFA 3rd party access rights
 - ✓ CMS will manage both the Auction and the Nomination processes
- **How can I use CMS?**
 - ✓ Web forms: CMS can be accessed through the internet. All Users' data may be submitted directly into the web forms.
 - ✓ Users may configure web services to upload / download files
 - ✓ Uploads / Downloads of files are compliant with ETSO standards
 - ✓ CMS and CMS Operator Hotline available 24hrs x 7days.
(More information on CMS access is available in the CMS User guide and in the Web services document provided to Users)
- **What are the fall-back procedures?**
 - ✓ In case of malfunctions, fall-back procedures have been developed for each module and will be used by CMS Operators if need be
 - ✓ Fall-back procedures may involve data exchange by fax, e-mail as appropriate
 - ✓ In the event of a CMS IT problem, auctions can be postponed

2 CMS Web site access



- **What internet browsers are supported for CMS access ?**
 - ✓ Internet Explorer version 6 and higher
 - ✓ Mozilla Firefox version 3 and higher (with default browser settings)
 - ✓ The Technical Requirements for CMS access can be accessed via the following link:
<http://www.nationalgrid.com/uk/interconnectors/France/generalinfor/>

3. NEW IFA PROCESS – ACCESS RULES V7.0



4. MAIN CHANGES IN THE IFA PROCESS



PRODUCTS

- **What products will be sold with the new Rules?**
 - ✓ Long Term (LT) products: calendar annual, financial annual, seasonal, quarterly, monthly, weekend
 - ✓ Daily products: hourly, and perhaps blocks of hours in future
 - ✓ Intraday products: hourly

AUCTION SPECIFICATION

- **Is there any change regarding the auction specification?**
 - ✓ A first auction specification is published for Users 5 days before the auction (LT auctions), before 9h35 CET at day ahead (daily auction), before 18:45 at day ahead (Intraday auction 1), before 8:05 on day D (Intraday auction 2). (All times CET, consistent with CMS).
 - ✓ Just before the auction bidding period, an updated auction specification is published with the final Offered Capacity, taking into account (as the case may be): Resales for LT auctions, UIoSI for daily auctions, UIoLI for Intraday auctions
 - ✓ In the case of LT Auctions, the auction specification contains the Reservation Subperiods included in the product as the case may be, for when the product availability is reduced for a planned outage.
- **Will products continue to be auctioned with a Target Availability?**
 - ✓ Target Availability rates will not be used
 - ✓ All products are auctioned on the basis of 100% availability taking account of Reservation Subperiods
 - ✓ Users will be compensated for any curtailment, where the full specified availability is not achieved

4. MAIN CHANGES IN THE IFA PROCESS



AUCTIONS - What are the new auction characteristics?

- ✓ Use of “Closed auctions”, with Marginal price rule applied
- ✓ Bids are divisible (pro-rata for equal bids)
- ✓ Multiple bids within a single Bid submission are possible
- ✓ No guide prices are issued by the Operators
- ✓ Validation period after each LT/D-1 auction: preliminary results after clearing – Final results after validation period
- ✓ Possibility to set default bids for automatic submission
- ✓ €/MWhr is used for bids and auction results, auction granularity of 1 MW
- ✓ Hourly allocation on D-1 and Intraday
- ✓ Netting of nominations in respect of a Timescale is applied between France - England and England - France directions for the calculation of Offered Capacity in the Auction(s) for the next Timescale

Interconnector Capacity Entitlement (ICE) - How is ICE managed within CMS?

- ✓ ICE profiles are separated per Timescale, each on a per hour basis, in respect of a Contract Day
 - a unique LT ICE for all combined LT products,
 - a unique D-1 ICE for all Daily products,
 - an ICE for Intraday products, for the relevant part of the Contract Day, updated before each Intraday nomination gate-closure

4. MAIN CHANGES IN THE IFA PROCESS



INTRADAY AUCTIONS

- **What are the specifics of the new Intraday auctions?**
 - ✓ ID auctions do not apply for the whole day
 - ID auction 1 applying for 0:00 to 13:59 (CET)
 - ID auction 2 applying for 14:00 to 23:59 (CET)
 - These auctions parameters may be reviewed in future
 - ✓ No results validation period
- **How will Intraday Offered Capacity be calculated?**
 - ✓ Intraday Offered Capacity value is calculated after the Daily nomination. Daily MCNs are not affected.
 - ✓ Intraday Offered Capacity is not modified after the relevant Intraday auction specification

CREDIT LIMIT

- **How is the credit limit calculated?**
 - ✓ Credit limits are updated every day and in real time.
 - ✓ Credit limits are calculated taking into account Users' payment security (bank guarantee and / or letter of credit), Resales and UloSI results, and unpaid liabilities, as applicable.
- **How is credit limit used?**
 - ✓ During each auction, a User's submitted set of bids is compared to the User's Credit Limit
 - ✓ If the User's credit limit is breached by an Auction bid, the entire Bid submission is rejected.

4. MAIN CHANGES IN THE IFA PROCESS



NOMINATIONS (aka Mid-Channel Nominations, MCNs).

- **What's new?**
 - ✓ Separate nominations are submitted in respect of each ICE: (LT Nomination only against LT capacity, Daily Nomination against Daily capacity, etc)
 - ✓ Nomination amounts can vary per hour
 - ✓ Default nomination facilities are available, where Nominations can be automatically set at the relevant ICE value for each hour
 - ✓ Nominations cannot be modified after the relevant gate closure in any Timescale.
- **Do I have to send my Nominations to RTE and NG?**
 - ✓ No, Nominations are made only on the CMS for both directions
- **Is it possible to nominate in advance for weekend days?**
 - ✓ Yes, Nomination of LT capacity can be made in advance for weekend or bank holidays. (LT ICE will be issued early in these cases).

4. MAIN CHANGES IN THE IFA PROCESS



SECONDARY TRADING

- **What are the secondary trading facilities?**
 - ✓ Resales of LT Units in subsequent LT auctions
 - ✓ Capacity Transfer is possible at each timescale
- **Is it possible to transfer capacity for more than one month ahead?**
 - ✓ Capacity can be transferred to another User several months in advance if required
- **Is it possible to transfer capacity across more than one calendar month within a single notice?**
 - ✓ For capacity transfers, one file per calendar month is required

UoLI / UoSI

- **What is the difference between Resales and UoSI?**
 - ✓ Resales are where a User actively requests Resale of a LT product in a subsequent LT auction
 - ✓ UoSI is an automatic process of re-auctioning unused capacities with proceeds being returned to the previous owner
 - ✓ UoLI is an automatic process of re-auctioning unused capacities without return of the proceeds to the previous owner.
 - ✓ There is no administration fee for conducting the UoSI or Resales processes
- **When do you apply UoLI vs. UoSI?**
 - ✓ UoSI is applied to unused LT capacity, that is re-auctioned in the subsequent Daily Auction
 - ✓ UoLI is applied to unused Daily capacity, that is re-auctioned in the subsequent Intraday Auction

4. MAIN CHANGES IN THE IFA PROCESS



CURTAILMENT

- **What are the basic rules for curtailment? Where the curtailment is notified...**
 - ✓ **Before LT ICE publication: curtailment of LT products are on a per product basis**
 - ✓ **After LT ICE publication and before Daily auction:**
 - Offered Capacity for daily auctions is reduced first
 - If Offered Capacity is curtailed to zero, then LT Nominations are curtailed prorata as required
 - ✓ **After Daily auction and before Daily ICE publication:**
 - Daily capacity allocations are reduced first
 - If Daily allocations are curtailed to zero, then LT Nominations are curtailed prorata as required
 - ✓ **After Daily ICE publication and before Intraday auction:**
 - Offered Capacity for Intraday auction is reduced first
 - If Offered Capacity is curtailed to zero, then Daily Nominations are curtailed prorata as required
 - If Daily Nominations are curtailed to zero, then LT Nominations are curtailed prorata as required
 - ✓ **After Intraday auction and before Intraday ICE publication:**
 - Intraday capacity allocations are reduced first
 - If Intraday products are curtailed to zero, then Daily Nominations are curtailed prorata as required
 - If Daily Nominations are curtailed to zero, then LT Nominations are curtailed prorata as required
 - ✓ **After Intraday ICE publication**
 - Intraday Nominations are curtailed prorata first
 - If Intraday Nominations are curtailed to zero, then Daily Nominations are curtailed prorata as required
 - If Daily Nominations are curtailed to zero, then LT Nominations are curtailed prorata as required
 - ✓ **All values are rounded down to the nearest MW**

4. MAIN CHANGES IN THE IFA PROCESS



CURTAILMENT COMPENSATION

- **What is the rule for curtailment compensation? In the event of...**
 - ✓ LT Nomination curtailment, compensation is based on the weighted-average price of the LT products
 - ✓ Daily Nomination curtailment, compensation is based on the weighted-average price of the Daily products
 - ✓ Intraday Nomination curtailment, compensation is at the price of the Intraday product
 - ✓ Curtailed LT or Daily products before the associated ICE publication, compensation is based on the price of the curtailed products
 - ✓ For each compensation, a credit amount will appear on the monthly invoice
- **If there is a curtailment before the Daily auction, what is curtailed first : reserved capacity for the Daily auction or capacity released by UloSI?**
 - ✓ Capacity reserved for the Daily auction is curtailed first
- **Will there be no compensation for ‘curtailment’ due to planned outages?**
 - ✓ Yes there will be no compensation for planned outages that are referred to in the auction specification as “reservation sub-periods”

4. MAIN CHANGES IN THE IFA PROCESS



INVOICING ISSUES

- **What is new regarding my invoice?**
 - ✓ Users will receive monthly invoices (a single invoice per month and per direction for all product types)
 - ✓ The payment time is set at 14 days
 - ✓ Auctions will be invoiced in month M only if they take place before the 3rd working day of month M

- **How are compensations calculated if a process is cancelled?**
 - ✓ If a nomination gate is cancelled, Users are compensated based on the weighted-average price of the capacity that could not be nominated.
 - ✓ If a daily auction is cancelled, Users are compensated for capacity released by UIoSI, based on the weighted-average price of the LT capacities it had acquired
 - ✓ When a LT auction is cancelled, Resales notified for this auction are also cancelled
 - ✓ There is no compensation for Intraday auction cancellation

4. MAIN CHANGES IN THE IFA PROCESS



DATA PUBLICATION

- **Where can I find publication figures?**
 - ✓ Auction information will be available on the CMS public pages and ETSOVista.
 - ✓ The aggregate of nominations can be obtained from ETSOVista only
 - ✓ Data on CMS and ETSOVista will not be duplicated on National Grid and RTE websites – Links will be provided to CMS and ETSOVista
 - ✓ For ETSOVista access, Users may register on the ETSOVista website
 - ✓ Users may opt to have their auction allocations published on CMS (visible to other IFA Users only) to facilitate secondary trading of capacity
- **What information will be available on CMS?**
 - ✓ A User can access all public data on the CMS (eg auction timetables, specifications, results, etc) and its own data (eg bids, allocations, nominations, registration data, etc)
 - ✓ A message board will provide Users with acknowledgement of any data submission to the CMS (eg bids, nominations, secondary trades)
 - ✓ CMS and IFA Operators will use the CMS message board to send messages to Users (general information, curtailment, fallback procedure, etc)

5. IFA Contacts



Before Go live (October 1st)

- Contacts for IT issues / auctions
 - LOGICA helpdesk
- Contacts for Nomination issues
 - Hotline RTE
 - Hotline NG

From the Go live date

- Contacts for all technical issues including auction and nomination issues
 - UNICORN helpdesk

Normal IFA points of contact will remain unchanged*, namely:

interconnectors.business@uk.ngrid.com

IFA Careline: +44 (0) 1926 656 655

RTE account manager

*Note - From the Go live date, RTE invoicing will be managed by CNES as for other RTE borders