

Interconnexion France-Angleterre (France-England Interconnector)

IFA Access Rules

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IFA Access Rules

Preamble (not forming part of the Rules)

The French and British transmission systems are connected by a 2,000MW interconnector between Les Mandarins in France and Sellindge in England known as the Interconnexion France-Angleterre. The interconnector will support electricity trading in both directions. The interconnector is jointly operated by National Grid and RTE.

RTE and National Grid have opened the interconnector to third parties by offering rights to use the interconnector commencing on 1 April 2001.

These are the IFA Access Rules established by National Grid and RTE for allocating rights to use the interconnector by auction and tender and setting out the terms of use.

Please refer to the IFA User Guide for general guidance about participation in tenders and auctions and background information about use of the interconnector.

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SECTION A: GENERAL INTRODUCTION

Rule A1: Introduction

Scope

A1.1 These Rules set out:

- (a) the procedures for tendering rights to use Interconnector Capacity;
- (b) the procedures for auctioning rights to use Interconnector Capacity;
- (c) the terms on which Users may participate in Tenders and Auctions; and
- (d) 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: Matters applicable to both Tenders and Auctions;
- (c) Section C: Tender Rules;
- (d) Section D: Auction Rules;
- (e) Section E: Capacity Usage Rules; and
- (f) Section F: General Conditions.

Rule A2: Parties and participation

Participation in Tenders and Auctions

- A2.1 A person wishing to participate in any Tender or Auction must agree to be bound by and comply with these Rules and must comply with the other participation requirements described in Section B.

Use of Interconnector

- A2.2 A person wishing to use Interconnector Capacity must be a Unit Holder and is bound by and must comply with these Rules in relation to that use.

Operators

- A2.3 National Grid and RTE operate the Interconnector jointly. Together, they are the Operators referred to in these Rules and are jointly and severally liable for all acts and omissions of the Operators under these Rules.

IFA User Forum

- A2.4 The Operators will from time to time, and at least once each Contract Year, invite Users to meet with the Operators to discuss future Tenders and Auctions and the commercial and operational aspects of use of Interconnector Capacity. Details of those who may attend the meetings, the agenda and location will be notified by the Operators 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.

Interpretation

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

Rule A4: Amendment

Amendment

A4.1.1 The Operators are entitled to amend these Rules from time to time by giving notice of the amendment to Users.

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

In the event that a Rule amendment is proposed by a User, the Operators shall, within 5 working days, confirm receipt of the proposed amendment and provide timescales for consideration of the proposal

Effective time

A4.2 An amendment made under Rule A4.1 takes effect from the later of:

- (a) the start of the Contract Day commencing 10 Business Days after the notice is published; and
- (b) the date and time specified in the notice.

Application

A4.3.1 Each amendment applies in respect of all Tenders and Auctions conducted after the date on which the amendment takes effect.

A4.3.2 In order to ensure the efficient operation of the Interconnector and the arrangements established by these Rules, unless expressly stated otherwise by the Operators, each amendment also applies in respect of all rights to use Interconnector Capacity and all other rights acquired under these Rules from the time the amendment takes effect, regardless of whether the right was acquired before or after that time.

User comments

A4.4 Before making any amendment to these Rules under Rule A4.1.1, the Operators will, unless the amendment is urgent or trivial, give Users a reasonable opportunity, and in any event not less than 10 Business Days, to review and give written comments to the Operators on the proposed amendment. If the Operators decide to modify a proposed amendment as a result of comments from Users, they may give Users a further opportunity to review and comment on the modified proposals under this Rule indicating timescales for provision of such comments.

Modifications to Interconnector Gate Closures

A4.5 Appendix 1 to Schedule 4 give the times of all Interconnector Gate Closures. Modifications may be made to this Appendix 1 to Schedule 4 by the Operators to reflect changes in either the French or British electricity markets by giving at least 10 Business Days notice.

SECTION B: MATTERS APPLICABLE TO BOTH TENDER RULES AND AUCTION RULES

Rule B1: Introduction

Scope

B1.1 This Section B of the Rules sets out Rules which are applicable to participation by Users in both Tenders and Auctions.

Structure

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

- (a) Rule B1: Introduction;
- (b) Rule B2: Participation Requirements;
- (c) Rule B3: IFA User Agreement;
- (d) Rule B4: User Systems;
- (e) Rule B5: Invoicing and Payment;
- (f) Rule B6: Agreed Credit Limit; and
- (g) Rule B7: Payment Security.

Rule B2: Participation Requirements

Eligibility

- B2.1 To be eligible to participate in a Tender or an Auction, a person must satisfy the following conditions:
- (a) be a party to an IFA User Agreement with National Grid and RTE (see Rule B3);
 - (b) not have had its eligibility to participate suspended under Rule F6.3.1 (unless it has been reinstated under Rule B2.4);
 - (c) have established an Agreed Credit Limit in accordance with Rule B6;
 - (d) have given its Standing Data to the Operators in accordance with Rule B3.7;
 - (e) have established its interface between its User System and the Auction System in accordance with Rule B4 to the reasonable satisfaction of the Operators;
 - (f) subject to Rule B2.2, be a party to the following agreements:
 - (i) a Use of System Interconnector Offer and Confirmation Notice with National Grid and if required by National Grid, must be party to the Framework Agreement established under CUSC;
 - (ii) a Framework Agreement as defined in the Balancing and Settlement Code; and
 - (iii) an *Accord de Participation* with RTE.

Derogations

- B2.2 The Operators may on request of a User grant a derogation to the User in relation to Rule B2.1(f) if the User demonstrates to the reasonable satisfaction of the Operators that it is taking or has taken all necessary steps to ensure that the agreements referred to in Rule B2.1(f) will be in place by the time the User is to be granted access to the Interconnector. The derogation may be subject to conditions determined by the Operators.

Eligibility Notice

- B2.3 A User may not submit any Bid in a Tender or an Auction until the Operators have given the User notice (“Eligibility Notice”) that the Operators are satisfied that the User has complied with the requirements of Rule B2.1, subject to any derogation under Rule B2.2, and is eligible to participate in Tenders and Auctions. The notice will take effect when it is given.
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Reinstatement

- B2.4 A User given a notice under Rule F6.3.1(b) suspending its rights to participate in Auctions and Tenders may not submit Bids in any Tender or Auction from the date its eligibility is suspended until the Operators give the User a further Eligibility Notice.

Regulatory and legal requirements

- B2.5 It is the responsibility of each User to ensure that it has complied with any other requirement, including Applicable Laws and the requirements of any Competent Authority, and obtained all necessary authorisations in connection with its participation in Tenders and Auctions and its use of Interconnector Capacity. Examples of such requirements include licences or other forms of authorisation from electricity or financial services regulators.

Costs of participation

- B2.6 All Users will participate in Tenders and Auctions at their own cost, expense and risk. Neither Operator will be liable to any person for any cost, claim, or expense of any User in connection with the User participating in Auctions or Tenders.

Other issues

- B2.7.1 All Users participate in Tenders and Auctions on the terms of these Rules and the relevant Tender Specification or Auction Specification (as the case may be).
- B2.7.2 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 Tender or Auction. Evidence of collusive or other improper behaviour may, in addition to being a breach of these Rules, result in disqualification of relevant Bids.
- B2.7.3 The Operators may from time to time decide to change the procedures for Tenders and Auctions, in which case the revised procedures will first be described in amendments to these Rules.

Rule B3: IFA User Agreement

Application for an agreement

B3.1 Any person (“Applicant”) may apply to enter into an IFA User Agreement with National Grid and RTE by submitting a completed Application Form to the Operators together with all the information and documents required by the Application Form.

Form of Application Form

B3.2 The form of the Application Form and the requirements for its completion will be specified by the Operators 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) identify any Related Parties of the Applicant who are also party to an IFA User Agreement;
- (c) execute the IFA User Agreement in triplicate and provide evidence of the authority of the person who executed the IFA User Agreement;
- (d) provide information about how the Applicant intends to satisfy the Eligibility Conditions; and
- (e) agree to be bound by and comply with Rule B3.6 (Costs of application).

Return of agreements

B3.3 The Operators will return one copy of the IFA User Agreement executed by them to the Applicant concerned within 20 Business Days of the Application Form being submitted. Execution of the IFA User Agreement by the Operators will not waive any Eligibility Condition and does not itself indicate satisfaction of the Eligibility Conditions.

Additional information

B3.4 The Operators may ask an Applicant to provide additional information reasonably required to enable the Operators to execute the IFA User Agreement (for example if the Applicant fails to include all necessary information with its Application Form). In such case, the 20 Business Day period referred to in Rule B3.3 ceases to run from the date of the request until the information is provided.

Refusal

- B3.5 The Operators may refuse to enter into an IFA User Agreement with an Applicant:
- (a) if the Operators have previously terminated an IFA User Agreement with the Applicant pursuant to Rule F6 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 Operators in connection with that termination;
 - (b) in the circumstances contemplated by the National Grid Transmission Licence; or
 - (c) in the circumstances contemplated by the French Electricity Law.

Costs of application

- B3.6 Applicants apply for eligibility to participate in Tenders or Auctions at their own cost and expense. Neither Operator shall be liable to any person for any cost, claim or expense incurred in connection with any Applicant's application for and entry into an IFA User Agreement and satisfaction of the Eligibility Conditions.

Information provided by Users

- B3.7.1 Users must give the Operators the data and information in Schedule 3 ("Standing Data") before they are eligible to participate in any Tender or Auction. Initially, the information will be provided by Users in their Application Form.
- B3.7.2 A User must notify the Operators if there is any change to the Standing Data at least 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.

Accuracy and completeness

- B3.8 Each User must ensure that all data and other information that it provides to the Operators pursuant to these Rules (including information in its Application Form) is and remains accurate and complete in all material respects and must promptly notify the Operators of any change.

Rule B4: User Systems

Requirement to establish

B4.1 Each User must establish, at its own cost, its own User Systems.

Interfaces with the Auction System

B4.2 The Operators will give Users the information reasonably necessary to enable User Systems to interface with the Auction System and to post trading information to the Transmission System Operators.

Interface testing

B4.3 Before it is eligible to participate in any Auction, each User must demonstrate to the reasonable satisfaction of the Operators its ability to exchange information with the Auction System.

Security and confidentiality of communications

B4.4 The Operators 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 System and User Systems, establish communication protocols and standards, and Users must comply with them.

Rule B5: Invoicing and Payment

Obligation to pay independent of use

B5.1 Each User must pay the Operators the Block Price for all Blocks and/or the Unit Price for all Units acquired by it even if the User does not use the corresponding Interconnector Capacity.

Block Prices and Unit Prices

B5.2.1 The Block Price for a Block equals the price per Contract Year at which the Block was allocated to the User multiplied by the number of Contract Years in the Validity Period of the Units in the Block.

B5.2.2 The Unit Price for a Unit equals the price at which the Unit was allocated to the User.

Currency

B5.3 For Tenders and Annual Auctions, Block Prices and Unit Prices must be paid in the currency (either pounds sterling or euros) notified for payment by the Operators in the Auction Specification. The Unit Prices for Daily Units and Periodic Units will be euros.

Payment date

B5.4.1 Subject to Rule B5.5, the Block Price for a Block is payable in equal monthly instalments over the Validity Period of the Units in the Block, in advance, with the first instalment due 10 Business Days prior to the start of the Validity Period of the Block and then on the 21st day of each succeeding month during the Validity Period.

B5.4.2 Subject to Rule B5.5, the Unit Price for a Unit is payable:

- (a) in the case of an Annual Unit, in 12 equal monthly instalments, in advance, with the first instalment due 10 Business Days prior to the start of the Validity Period of the Unit and then on the 21st day of each of the following eleven months;
- (b) in the case of a Daily Unit, not later than 5 Business Days after the day on which the User acquired the Unit in the relevant Daily Auction; and
- (c) in the case of a Periodic Unit, by the payment date specified in the relevant Auction Specification (and if no payment date is specified, no later than 10 Business Days after receipt of an invoice from the Operators).

B5.4.3 If the day that payment is due under Rules B5.4.1 or B5.4.2 is not a Business Day, then the payment is due on the next Business Day.

Transmission system charge

- B5.5.1 Each Block Holder and Unit Holder must, in addition to the Block Price or Unit Price, pay the Transmission Charge Pass Through Charge for each Contract Day during the Validity Period of the Block or Unit. The Transmission Charge Pass Through Charges is based on a User's total entitlement to Blocks and Units each month and invoiced retrospectively on a monthly basis. National Grid will invoice separately for the Transmission Charge Pass Through Charge. Amounts due under this Rule B5.5 must be paid in pounds sterling to the bank account notified in the invoice.
- B5.5.2 Each User must pay RTE Transmission Charges in accordance with the *Accord de Participation* with RTE.

Invoices

- B5.6 The Operators will invoice Users for amounts owed by Users under these Rules. Invoices for:
- (a) Blocks and Annual Units will be sent not less than 28 days before payment is due;
 - (b) Daily Units will be sent as soon as practicable after the Daily Auction in which the User acquired the Unit; and
 - (c) Periodic Units will be sent in accordance with the relevant Auction Specification or if nothing is specified, then as soon as practicable after the Auction in which the User acquired the Units.

Form of invoices

- B5.7.1 Invoices will state:
- (a) amounts payable by the User in respect of Block Prices and Unit Prices for the period to which the invoice relates;
 - (b) any other amount payable by the User to the Operators under these Rules;
 - (c) any amounts payable or credits due by the Operators to the User under Rule E3 (Reallocation of Interconnector Capacity);
 - (d) any amounts payable or credits due by the Operators to the User under Rule E7 (Curtailement Reconciliation);
 - (e) any Taxes payable in respect of amounts in the invoice;
 - (f) the total amounts payable by the User to the Operators or by the Operators to the User under that invoice; and

- (g) any other information required to be included in the invoice under English or French law.

B5.7.2 In accordance with Rule B5.5, amounts (if any) payable by the User in respect of Transmission Charge Pass Through Charges will be invoiced separately.

Payment of invoices

B5.8 Each User must pay all amounts invoiced to it under this Rule B5 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 Operators for the purpose of these Rules. The Operators may set off any amount owing to them by a User under these Rules against any amount owing by the Operators to that User under these Rules.

Payment disputes

B5.9.1 Subject to Rule B5.8, if a User disputes an invoice rendered under this Rule B5, then it must as soon as practicable and in any event before the invoice is due for payment notify the Operators of the nature of the dispute and the amount in dispute. If the User and the Operators are unable to resolve the difference within 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).

B5.9.2 If it is agreed or determined pursuant to Rule F8 that an amount paid by a User was not properly payable then the Operators will refund such amount to the User not later than 20 Business Days after the agreement or determination.

Late payments

B5.10 Without prejudice to the other rights of the Operators, interest will be charged on amounts due for payment by a User but unpaid after as well as before judgement at the rate of 3% per annum above the base lending rate of Barclays Bank plc from the date due for payment until the date of actual payment.

Taxes

B5.11 Taxes at the rate and to the extent applicable, will be applied to all amounts invoiced under these Rules.

Rule B6: Agreed Credit Limit

Credit Limit for Tenders and Auctions

- B6.1.1 Before it is eligible to participate in any Tender or Auction, each User must establish an Agreed Credit Limit with the Operators in accordance with this Rule B6.
- B6.1.2 A separate Agreed Credit Limit must be established for each Tender, each Annual Auction and each Periodic Auction in which the User wishes to participate, and for ongoing participation in Daily Auctions.

Provision of Credit Cover

B6.2 A User establishes an Agreed Credit Limit by providing (in addition to any Credit Cover it may be required to provide under Rule B7.1 in its capacity as an Annual Unit Holder, a Periodic Unit Holder or a Block Holder) Credit Cover in one of the forms set out in Rule B7.2. If the Credit Cover is provided in the form of a Letter of Credit or an On Demand Bond, the letter (or bond, as the case may be) 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 of the price for the Units acquired. The User:

- (a) determines the amount of Credit Cover it provides in respect of;
- (b) must specify whether the Credit Cover is for; and
- (c) if appropriate, must specify the extent to which such Credit Cover is divided into separate Credit Cover in respect of,

Tenders, Annual Auctions, Periodic Auctions and/or establishing an Agreed Credit Limit in respect of its ongoing participation in Daily Auctions.

Agreed Credit Limit

B6.3 The Credit Cover provided under Rule B6.2 is used to determine the maximum number of Units (“Agreed Credit Limit”) that the User may be awarded in the relevant Tender, relevant Annual Auction, relevant Periodic Auction or in Daily Auctions. If a Bid from a User would, if accepted, cause the User to exceed its Agreed Credit Limit in a Tender, an Annual Auction, a Periodic Auction or a Daily Auction (as determined under Rule B6.4), then the Operators may reject the User’s Bid.

Exceeding an Agreed Credit Limit

B6.4.1 A User will exceed its Agreed Credit Limit in the circumstances described in this Rule B6.4.

- B6.4.2 A User will exceed its Agreed Credit Limit in a Tender if at any time its Agreed Credit Limit for that Tender is less than one twelfth of the User's Bids in the Tender for one Contract Year. (For example, unless Credit Cover of £100 or greater has been provided by a User, a Bid of £1,200 per Contract Year for a Block by that User may be rejected.)
- B6.4.3 A User will exceed its Agreed Credit Limit in an Annual Auction if at any time during the Annual Auction its Agreed Credit Limit for that Auction is less than one twelfth of the total price of all Current Winning Bids of the User in that Annual Auction. (For example, unless Credit Cover of €100 or greater has been provided by a User, a Bid of €1,200 for 1 Unit may be rejected.)
- B6.4.4 A User will exceed its Agreed Credit Limit in a Daily Auction if at any time during the Daily Auction its Agreed Credit Limit for Daily Auction is less than the total of the following amounts:
- (a) the total of the prices stated in all Current Winning Bids of the User in that Daily Auction; and
 - (b) the total of all unpaid Unit Prices of all Daily Units acquired by the User in previous Daily Auctions, whether or not these amounts are due for payment. For this purpose, only payments received by the Operators before 10:00hrs on the Business Day before the Daily Auction are taken into account.
- (For example, a User who has already acquired but not paid for Daily Units with total Unit Prices of €90 in previous Daily Auctions may have a Bid of €10 for a Unit rejected unless the User has an Agreed Credit Limit of €100 or greater.)
- B6.4.5 A User will exceed its Agreed Credit Limit in a Periodic Auction if at any time during the Periodic Auction its Agreed Credit Limit for that Auction is less than one third (or such other proportion as may be specified in the relevant Auction Specification) of the total of all Current Winning Bids of the User in that Periodic Auction. (For example, unless Credit Cover of €100 or greater has been provided by a User, a Bid of €300 for 1 Unit may be rejected.)

Changing Agreed Credit Limits

- B6.5.1 A User may increase the amount of the Credit Cover it provides under Rule B6.2 at any time.
- B6.5.2 A User may not decrease the amount of Credit Cover it provides under Rule B6.2 during a Tender, an Annual Auction or a Periodic Auction.

Remittance of Credit Cover

- B6.6 Arrangements to remit to the User Credit Cover provided under Rule B6.2 (and, in the case of a cash deposit, any interest accrued in respect of the cash deposit, less any bank or similar charges and any taxes deducted by the bank) will be made as follows:

- (a) in the case of Credit Cover provided for a Tender, an Annual Auction or a Periodic Auction, within 10 Business Days of receipt by the Operators of written notification from the User requiring the return of such Credit Cover, provided that:
- (i) the User has not acquired any Units in that Tender or Auction; and
 - (ii) such Credit Cover is not divided in terms of providing the User with separate Credit Cover under Rule B7.1 in respect of one or more allocations of Blocks, Annual Units or Periodic Units and/or establishing an Agreed Credit Limit under Rule B6.4.4 in respect of its ongoing participation in Daily Auctions (including, where appropriate, the deduction of an amount equal to the total of all unpaid Unit Prices of all Daily Units allocated to the User in previous Daily Auctions, whether or not such amounts are due for payment).

If the User has acquired Units, to the extent that its Agreed Credit Limit exceeds the Credit Cover required for the Units which the User has acquired in the Tender or Auction after taking into account the contribution made by such Credit Cover in terms of providing the User with separate Credit Cover under Rule B7.1 in respect of one or more allocations of Blocks, Annual Units or Periodic Units and/or establishing an Agreed Credit Limit under Rule B6.4.4 in respect of its ongoing participation in Daily Auctions (including, where appropriate, the deduction of an amount equal to the total of all unpaid Unit Prices of all Daily Units allocated to the User in previous Daily Auctions, whether or not such amounts are due for payment), arrangements to remit the excess will be made upon receipt by the Operators of written notification from the User requiring the return of such excess;

- (b) subject to the arrangements set out in paragraph (a), in the case of Credit Cover provided for a Tender, an Annual Auction or a Periodic Auction in which the User acquired Units, such Credit Cover will be treated as Credit Cover provided for the purposes of Rule B7.1; and
- (c) in the case of Credit Cover provided for Daily Auctions, in accordance with Rule B7.6.

Bank's credit rating

B6.7 Rule B7.10 applies in respect of Credit Cover provided under Rule B6.2 *mutatis mutandis*.

Rule B7: Payment Security

Credit Cover for Unit Holders

B7.1 Credit Cover must be provided and subsequently maintained in accordance with this Rule B7.

Form of Credit Cover

B7.2 Credit Cover must be in the amount calculated under Rule B7.3, in the currency (either pounds sterling or euros) in which the User is required to pay for its Units and must be in the form of:

- (a) a Letter of Credit or an on Demand Bond;
- (b) a cash deposit in a Deposit Account established and notified by the Operators; or
- (c) such other type of cover as the Operators may agree, in a form acceptable to the Operators.

Amount of Credit Cover

B7.3 The amount of Credit Cover required for each User shall equal the total of:

- (a) an amount equal to one month's instalment of the Block Price for all of the User's Blocks (if any);
- (b) an amount equal to one twelfth of the total of the Unit Prices payable by the User for all its Annual Units (if any);
- (c) an amount equal to one third (or such other proportion as may be specified in the relevant Auction Specification) of the total of the Unit Prices payable by the User for all its Periodic Units (if any).

Increases

B7.4 The Operators may from time to time notify any User that in their reasonable opinion the amount of Credit Cover provided by the User is inadequate having regard to Rule B7.3 and require it to be increased to an amount in accordance with that Rule. The User must within 10 Business Days procure that the Credit Cover is increased to the required amount.

Decreases

B7.5 A User may at any time notify the Operators that the amount of its Credit Cover is more than is required under Rule B7.3, and request agreement for it to be reduced. The Operators must not unreasonably refuse such a request and may

have regard to amounts unpaid by the User at the time of the request and other amounts owed by the User in respect of Units.

Remittance of Credit Cover

B7.6 Credit Cover provided under this Rule B7 (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) will be remitted to the User within whichever is the later of 10 Business Days of it ceasing to be a party to an IFA User Agreement or the third Business Day following receipt in cleared funds of all amounts owing by it under these Rules. Remittance of Credit Cover is without prejudice to the rights of the Operators under these Rules and does not relieve the User of any of its obligations or any liability under these Rules.

Calls on Credit Cover

B7.7 The Operators are entitled to call the Credit Cover of a User if the User has failed to pay an amount due under or pursuant to these Rules within 1 Business Day of the due date for payment. The Operators will notify the User upon becoming aware of any failure by the User to pay any amount payable by it under or pursuant to these Rules.

Application of proceeds

B7.8 The Operators will apply the proceeds of any call of Credit Cover received by them in or towards the payment of amounts due and payable (but unpaid) by the User under or pursuant to these Rules.

Renewal

B7.9 If the Credit Cover of a User is called in accordance with Rule B7.7 or is due to expire, the User shall renew or replenish the Credit Cover in the full amount required by Rule B7.3 within 2 Business Days of the call or not less than 10 Business Days before it is due to expire (as the case may be).

Bank's credit rating

B7.10 If the bank issuing the User's Letter of Credit (or On Demand Bond, as the case may be) ceases to have the credit rating set out in the definition of Letter of Credit (or On Demand Bond, as the case may be) the User shall forthwith procure the issue of a substitute Letter of Credit (or On Demand Bond, as the case may be) by a bank that has such a credit rating or shall post cash in a Deposit Account or provide other Credit Cover in accordance with Rule B7.3.

SECTION C: TENDER RULES

Rule C1: Introduction

Scope

C1.1 This Section C of the Rules sets out Rules relating to the Tender process.

Structure

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

- (a) Rule C1: Introduction;
- (b) Rule C2: Details of Tender process;
- (c) Rule C3: Form of Bids;
- (d) Rule C4: Submission of Bids; and
- (e) Rule C5: Evaluation of Bids.

Rule C2: Details of Tender process

What will be tendered?

- C2.1 The Operators will use the following procedures for the Tender of Blocks (comprising Units) from France to England or from England to France. Blocks may be available for a variety of Validity Periods and combinations of Validity Periods may be offered in a single Tender.

Acquisition of Blocks

- C2.2 Where the Operators accept any Bid (including part acceptance under Rule C5.6) by allocating Blocks to a User in accordance with the Rules, then the User will acquire the Blocks for the Block Price for the number of Contract Years specified in the Bid on the terms and conditions of these Rules and the relevant Tender Specification. The rights and obligations of Unit Holders are set out in these Rules.

Cancellation or suspension

- C2.3 The Operators are under no obligation to hold Tenders and may at any time cancel, suspend or defer any Tender for any reason.

Dates of Tenders

- C2.4 The Operators will give reasonable notice of Tenders. Dependent upon the outcome of previous Tenders, Tenders are intended to be held at least 2 months before the end of each Contract Year. The Operators will publish the dates of these Tenders at least 20 Business Days before the final date for the submission of Bids in the relevant Tender process.

Acceptance

- C2.5 The Operators are not obliged to accept any or all Bids submitted in any Tender.

Tender Specification

- C2.6 The Operators will publish with the notice of a Tender the specification for that Tender stating:
- (a) the final date and time and the address for submission of Bids;
 - (b) the number of Units in each Block;
 - (c) the number of Blocks available;
 - (d) the number of Contract Years for which a User may submit Bids in the Tender;

- (e) if alternative Validity Periods are offered, the basis on which the value of Bids for different numbers of Contract Years will be compared by the Operators;
- (f) the alternative Validity Periods of the Blocks, by specifying the time and date on which the right to use the Units in the Block will commence and the alternative times and dates on which the right to use the Units in the Block will end;
- (g) the Target Availability for the Units in the Block for each Contract Year in the Validity Period of the Units;
- (h) the form in which the Bids must be submitted and the information to be submitted with the Bid;
- (i) the currency exchange rates to be used by the Operators to compare Bids denominated in pounds sterling with those denominated in euros; and
- (j) any other relevant information or terms applicable to the Blocks or the Tender.

Reserve Price and Guide Price

C2.7.1 Tenders may be subject to a Reserve Price (whether published or not), Bids below which will not be accepted.

C2.7.2 The Operators may publish a Guide Price.

Discussions

C2.8 The Operators may discuss with Users on a non-discriminatory basis the Bids submitted by the User in a Tender, and may invite resubmission or clarification of Bids. If as a result a User increases any prices in any of its Bids, the revised Bid will replace its original Bid.

Bids

C2.9 To participate in a Tender, a User must submit one or more Bids in accordance with Rules C3 and C4.

Allocation

C2.10 After the close of a Tender, and subject to Rule C2.8, the Operators will allocate Blocks in accordance with Rule C5. Unallocated Blocks will be made available for sale (as Units) in Auctions.

Confirmations

C2.11 After each Tender, the Operators will send a Confirmation to each User that participated and will endeavour to do so within 5 Business Days after the final

date for the submission of Bids pursuant to the relevant Tender. The Confirmation will state:

- (a) the number of Blocks allocated to that User in the Tender;
- (b) the number of Contract Years for which each Block has been allocated;
and
- (c) prices at which Blocks were allocated to that User.

Publication of results

C2.12 The Operators will publish the results of Tenders within 10 Business Days after the close of the Tender. The results will identify the prices at which Blocks were allocated, the number of Blocks allocated at each price and the Validity Periods of those Blocks and may identify individual Block Holders.

Rule C3: Form of Bids

Submission

C3.1 Bids must be submitted in writing. Bids must be signed by an authorised officer of the User and a witness.

Nature of Bids

C3.2.1 Each Bid will constitute an unconditional and irrevocable offer by the User to the Operators to buy Blocks up to the quantity and at the prices and for the number of Contract Years stated in the Bid on the terms and conditions of these Rules and the relevant Tender Specification. Each Bid is capable of being accepted by the Operators in the Tender in which it is submitted.

C3.2.2 Once submitted, a Bid cannot be withdrawn without the consent of the Operators and cannot be withdrawn, without exception, after the final date for submission of Bids.

Form of Bids

C3.3 Each Bid must include all the information specified in the Tender Specification and must state the price or prices being offered by the User, and for each price:

- (a) the number of Blocks that the User wishes to acquire at that price. This must be a whole number; and
- (b) where required by the Tender Specification, the number of Contract Years for which the User wishes to acquire the Blocks at that price (also a whole number).

Currency

C3.4 The User must nominate in its Bid whether it intends to pay for its Blocks in pounds sterling or euros. Only one currency can be chosen by the User in each Tender and applies to all Bids in the Tender.

Prices

C3.5 Prices in Bids must be stated in the currency nominated by the User under Rule C3.4 and be prices per Block per Contract Year and must be to a maximum of two decimal places and if a Reserve Price is published, must equal or exceed the Reserve Price.

Taxes

C3.6 All Bid prices are deemed to be exclusive of Taxes.

Rule C4: Submission of Bids

Close of Tenders

C4.1.1 The final date for the submission of Bids will be as set out in the Tender Specification or such later time and date as may be notified to Users up to 2 Business Days before that date.

C4.1.2 Late Bids will be rejected and returned to the User.

Delivery

C4.2 Bids must be delivered by courier, registered post or by hand against receipt to the offices of either Operator at the address stated in the Tender Specification before the final date and time for the submission of Bids in that Tender.

Sealed Bids

C4.3 An original and a copy of Bids must be submitted in a sealed envelope marked: "Private & Confidential. To be opened by addressee only. Bid by [Name of User] in relation to the Tender of capacity on the Interconnexion France-Angleterre". The envelope must state a return address and must be marked for the attention of the person specified in the Tender Specification.

Rule C5: Evaluation of Bids

Opening of Bids

C5.1 Bids will be opened by representatives of National Grid and RTE in Paris in the presence of an independent observer. Bids submitted in England will be taken unopened to Paris for opening. Users who have submitted Bids may attend the opening of Bids by prior arrangement with the Operators.

Evaluation

C5.2 The Operators will evaluate Bids (as they may have been amended pursuant to Rule C2.8) according to the value of each Bid which (if alternative Validity Periods are offered in the Tender) will be calculated in accordance with the formula specified in the Tender Specification. The currency exchange rates stated in the Tender Specification will be used to compare Bids from different Users in different currencies.

Non-compliant Bids

C5.3 The Operators may reject any Bid that:

- (a) causes the User to exceed its Agreed Credit Limit (if any); or
- (b) does not comply with the requirements of Rule C3 or is not made in accordance with these Rules in any other respect.

Allocation

C5.4 Subject to Rules C2.5 and C2.8, the Operators will allocate Blocks on the basis of value determined in accordance with Rule C5.2, with Blocks allocated in order starting with the Bid having the highest value.

Pro-rata

C5.5 A pro-rata allocation methodology will be used to allocate Blocks where Bid values are equal as determined by Rule B5.2 and there are not enough Blocks available to accept all the Bids at that value. The pro-rata allocation will be calculated on the basis of the total number of Bids at the relevant value. If pro-rata allocation is required, Bids will be accepted on this basis to the extent this results in whole Units being allocated and any balance will be made available in Auctions.

Accepting part of a Bid

C5.6 In the case of the last Bid to be accepted, the Operators will allocate Blocks to that Bid only to the extent to which Blocks are available. Consequently, the User may be allocated only some of the number of Blocks it bid for at that price. Only whole Blocks will be allocated.

Allocation to Bids

- C5.7 Where a User is allocated Blocks, the Blocks are taken to have been allocated first to the price stated in the User's highest Bid, then to the User's second highest Bid, and so on in descending order of price.

SECTION D: AUCTION RULES

Rule D1: Introduction

Scope

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

Structure

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

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

Rule D2: Types of Auctions

Types of Auctions

- D2.1 Subject to Rule D2.5, the Operators will use the following procedures for Auctions:
- (a) Auctions for Annual Units, using the procedure described in Rule D3;
 - (b) Auctions for Daily Units, using the procedure described in Rule D4; and
 - (c) Auctions for Periodic Units, using procedures established from time to time under Rule D7.

What will be auctioned?

- D2.2.1 Each Auction will be of Units. Units will be divided into categories as specified by the Operators by designating, in respect of each category of Unit:
- (a) the direction of Units in that category, which will either be “England to France” or “France to England”;
 - (b) the duration of the Validity Period of Units in that category. For example, one Contract Year or one Contract Day; and
 - (c) any other terms applicable only to that category of Unit.
- D2.2.2 If an Outage is planned that commences part way through a Contract Day, Daily Units may be sold with a Validity Period of less than a whole Contract Day.

Separate and concurrent Auctions

- D2.3 Each category of Unit will be auctioned separately. Auctions may be conducted concurrently.

Acquisition of Units

- D2.4 Where the Operators accept any Bid by allocating Units to a User in accordance with the Rules, then the User will acquire the Unit 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.

Cancellation or suspension

- D2.5 The Operators are under no obligation to hold Auctions and may at any time cancel, suspend or defer any Auction for any reason.

Rule D3: Annual Auctions

Application

D3.1 The Operators will conduct Annual Auctions in accordance with this Rule D3. Annual Auctions may be conducted by fax or electronically.

Dates of Auctions

D3.2 The Operators will give reasonable notice of the Annual Auctions referred to in Rule D3.1. Annual Auctions are intended to be held at least two months before the end of the preceding Contract Year for the Annual Units for the following Contract Year. The Operators will publish the dates of these Annual Auctions at least 10 Business Days before the first day of the relevant Annual Auction.

Deferral

D3.3 The Operators may defer the date of any Annual Auction by notifying Users of the revised date of the Auction at least 5 Business Days before the previously announced date for the Auction.

Volumes

D3.4 The number of Units auctioned for any Contract Year in an Annual Auction will include:

- (a) a proportion (as determined by the Operators) of the available Interconnector Capacity (in the form of Units) not already allocated to Users; and
- (b) Reallocation Units (if any) made available for the Contract Year for reallocation under Rule E3.

Auction Specification

D3.5 At least 5 Business Days before the first day of an Annual Auction, the Operators will publish the specification for that Auction stating:

- (a) the code identifying the Auction;
- (b) the category of Units being auctioned (see Rule D2.2.2);
- (c) the number of Units to be made available in the Auction;
- (d) the Validity 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) the Reserve Price (if any is to be published) or a Guide Price for that Auction, which shall be expressed as a price per Unit per Contract Year;
- (f) the Target Availability of the Units for the Validity Period;
- (g) subject to Rule D3.3, 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.

Bids

- D3.6.1 To participate in an Annual Auction, a User must submit one or more Bids in accordance with Rule D5. Only Bids submitted during the Bidding Period will be valid.
- D3.6.2 The User must nominate its Bid in euros and the Unit Price will be payable in euros

Allocation

- D3.7 After the close of the Bidding Period, the Operators will allocate Units on the basis of price in accordance with Rule D6. Units will not be allocated below the Reserve Price (if any) and unallocated Units will be made available for sale in later Auctions.

Order of allocation

- D3.8 If the number of Units allocated in the Annual Auction is less than the total number offered in that Auction, the Operators will allocate Units to Bids in the order set out in Rule D3.4, with previously unallocated Interconnector Capacity being allocated first, then Reallocation Units. Accordingly, Reallocation Units will only be allocated to the extent that there is demand for Units in the Annual Auction in excess of the previously unallocated Interconnector Capacity available in that Auction.

Confirmations

- D3.9 After each Annual Auction, the Operators will send a Confirmation to each User that participated within 24 hours of the close of the Auction. The Confirmation will state:
- (a) the number of Units allocated to that User in the Auction;
 - (b) the prices at which the Units were allocated to the User; and
 - (c) the number of Units allocated to the User at each price.

Publication of results

- D3.10 The Operators will publish the results of each Annual Auction within 2 Business Days after the end of the Bidding Period. The results will identify the prices at which Units were allocated and the number of Units allocated at each price and may identify individual Unit Holders.

Rule D4: Daily Auctions

Introduction

D4.1 The Operators will conduct Daily Auctions in accordance with this Rule D4, subject to Rule D4.13 (system failure). Daily Auctions will be conducted electronically.

Frequency

D4.2 Separate but concurrent Daily Auctions will be conducted each day for each category of Daily Unit.

Timing

D4.3.1 Subject to Rule D4.3.2, Daily Units will be allocated in advance of use and therefore, subject to Rule D4.3.2 and Rule D4.4, the Daily Auction held on day “D-1” is for Units relating to use of Interconnector Capacity on the Contract Day commencing at 23:00hrs on day “D-1”.

D4.3.2 The Operators will publish a timetable for Daily Auctions which would otherwise fall on a non-Business Day.

Moving Auction dates

D4.4 The Operators may move the date and time of any Daily Auction by giving at least 5 Business Days’ notice to Users stating the revised date and time of the Daily Auction.

Volume

D4.5 The number of Units auctioned for any Contract Day in a Daily Auction will include:

- (a) available Interconnector Capacity (in the form of Units) not already allocated to Users and that is not unavailable due to Outages;
- (b) Reallocation Units (if any) made available for the Contract Day for reallocation under Rule E3; and
- (c) Lost Units (if any) that have become available for the Contract Day under Rule E4.

Auction Specifications

D4.6 By 07:00hrs on the day of a Daily Auction, the Operators will publish the specification for that Daily Auction stating:

- (a) the code identifying that Auction in the Auction System;

- (b) the category of Units being auctioned (see Rule D2.2.2);
- (c) the number of Units being auctioned;
- (d) the Validity Period of each Unit, by stating the Contract Day on which the Unit can be used or, if the Validity Period is less than a whole Contract Day, the hours during the Contract Day comprising the Validity Period of the Units;
- (e) the Reserve Price for the Auction (if any is to be published) or a Guide Price, expressed as a price in euros per Unit per Contract Day;
- (f) the Target Availability of the Units for the Validity Period;
- (g) subject to Rule D4.4, the times of the Bidding Period for that Auction; and
- (h) any other relevant information or terms applicable to the Units or the Auction.

Bidding Period

D4.7 The Bidding Period for each Daily Auction will be from 07:45hrs until 08:15hrs on the day of the Auction or at such other times notified by the Operators in the relevant Auction Specification. For a Daily Auction moved under Rule D4.4, the Bidding Period will open and close at the time notified by the Operators. Only Bids submitted during the Bidding Period will be valid.

Bids and currency

D4.8.1 To participate in a Daily Auction, the User must submit one or more Bids in accordance with Rule D5.

D4.8.2 The User must nominate its Bids in euros and the Unit Price will be payable in euros.

Allocation

D4.9 After the close of the Bidding Period, the Operators will allocate Units on the basis of price in accordance with Rule D6. Units will not be allocated below the Reserve Price (if any).

Order of allocation

D4.10 If the number of Units allocated in a Daily Auction is less than the total number offered in that Auction, the Operators will allocate Units to Bids in the order set out in Rule D4.5, with previously unallocated Interconnector Capacity being allocated first, then Reallocation Units and, last, Lost Units. Accordingly, Reallocation Units will only be allocated to the extent that there is demand for Units in the Daily Auction in excess of the previously unallocated Interconnector Capacity available in that Auction.

Confirmations

D4.11 After each Daily Auction, the Operators will send a Confirmation to each User that participated within thirty minutes of the end of the Bidding Period (generally, by 08:45hrs). The Confirmation will state:

- (a) the number of Units (if any) allocated to that User in the Daily Auction;
- (b) the prices at which the Units were allocated to that User; and
- (c) the number of Units allocated to the User at each price.

Publication of results

D4.12 The Operators will publish the results of each Auction within one Business Day after the Auction. The results will identify the prices at which Units were allocated and the number of Units allocated at each price but will not identify individual Unit Holders.

System failure

D4.13 If the Auction System fails, and in the reasonable opinion of the Operators it is not practical to conduct Daily Auctions electronically, the Operators may, instead of cancelling the Daily Auction, allocate Daily Units using a procedure for conducting Auctions by e-mail to be specified by the Operators from time to time.

Rule D5: Submission of Bids

Introduction

D5.1 Bids in Auctions must be submitted in accordance with this Rule D5.

Nature of Bids

D5.2.1 Each Bid will constitute an unconditional and irrevocable offer by the User to the Operators to buy Units up to the quantity and at the prices specified in the Bid and on the terms and conditions of these Rules and the relevant Auction Specification.

D5.2.2 Once submitted, a Bid cannot be withdrawn and is capable of being accepted by the Operators in the Auction in which it is submitted.

D5.2.3 The Operators are not obliged to accept all or any Bids submitted in any Auction.

Requirements for Bids

D5.3 Each Bid must:

- (a) in an Auction conducted by fax, be submitted to the fax number notified by the Operators to Users for this purpose;
- (b) in a Daily Auction, and a Periodic Auction conducted electronically, unless Rule D4.13 applies, be submitted electronically using the Auction System;
- (c) be in the form and include the information specified by the Operators from time to time;
- (d) identify the User submitting the Bid, using the form of identification allocated to that User by the Operators for the purposes of Auctions;
- (e) state the price for the Bid. All prices bid must equal or exceed any published Reserve Price for that Auction (if any has been published), must be to a maximum of two decimal places and must be a price per Unit for the Validity Period of the Unit. Therefore:
 - (i) for Annual Units the price will be a price per Unit per Contract Year;
 - (ii) for Daily Units, the price will be a price per Unit per Contract Day; and
 - (iii) for Periodic Units, the price will be a price per Unit per Validity Period of the Unit;

- (f) in the case of an Annual Auction, nominate the currency (either pounds sterling or euros) in which the User intends to pay for Units acquired in the Auction and state prices in the Bid in that currency only;
- (g) in the case of a Periodic Auction and a Daily Auction, state the price in euros; and
- (h) state the number of Units being bid for.

Taxes

D5.4 All Bid prices are deemed to be exclusive of Taxes.

Manifest Error

D5.5 To mitigate the effects of human error in submitting Bids, if a Bid is outside parameters which may be specified by the Operators from time to time and notified to Users for the purposes of this Rule, the Operators may (but are not required to) ask the User to confirm the Bid before it is taken to be submitted. Examples of the parameters expected to apply are extremely high or low prices or extremely large quantities.

Time stamps

D5.6 The Operators will maintain a record of the time at which each Bid is received.

Rejection of Bids

D5.7 The Operators may reject any Bid that:

- (a) causes the User to exceed its Agreed Credit Limit (if any); or
- (b) does not comply with the requirements of this Rule D5 or is not made in accordance with these Rules in any other respect.

Notice of invalid Bid

D5.8 The Operators will notify any User whose Bid is rejected as invalid, as soon as reasonably practicable after the Bid is submitted.

Open Auctions

D5.9.1 During the Bidding Period, the Operators will publish the prices and number of Units stated in all Bids. Users will therefore have the opportunity to submit new Bids if their previous Bids are priced too low to win any Units or if they wish to bid for more Units.

D5.9.2 In Daily Auctions, Periodic Auctions, and Annual Auctions conducted electronically, publication under Rule D5.9.1 will be via the Auction System and will be made as soon as reasonably practicable after the Bid is submitted. In Annual Auctions, and in Periodic Auctions conducted by fax, where fax is a back-up solution, publication will not be made during the Auction.

Rule D6: Allocation

Allocation of Units

D6.1 After the close of the Bidding Period for an Auction, the Operators will allocate Units on the basis of price in accordance with this Rule D6. The currency exchange rates set out in the Auction Specification will be used to compare Bids in different currencies (where applicable). Units will be allocated first to the Bids having the highest price until demand for Units at that price is satisfied. Units will then be allocated to Bids having the second highest price until demand for Units at that price is satisfied. Subject to Rule D6.2, the Operators will continue to allocate Units to Bids in descending order of price. Allocation of Units is subject to availability and price.

First-come-first-served

D6.2 If, in the case of the lowest price at which Units are to be allocated:

- (a) more than one User has submitted Bids at the same price; and
- (b) the total number of Units they have bid for at that price is greater than the number of Units remaining to be allocated,

then the Operators will allocate the remaining Units on a first-come-first-served basis such that Units will be allocated first to the Bid received earliest in time by the Operators (as recorded by the Operators) and then to the Bid received next in time after that and so on until all Units are allocated.

Accepting part of a Bid

D6.3 In the case of the last Bid to be accepted, the Operators will allocate Units to that Bid only to the extent that Units are available. Consequently, the User may be allocated only some of the number of Units it bid for at that price. Only whole Units will be allocated.

Allocation to Bids

D6.4 Where a User is allocated Units, the Units are taken to have been allocated first to the price stated in the User's highest Bid, then to the User's second highest Bid, and so on in descending order of price.

Rule D7: Periodic Auctions

Application

D7.1 The Operators may conduct Periodic Auctions in accordance with this Rule D7 for Units having a Validity Period longer than one Contract Day and shorter than one Contract Year. Periodic Auctions may be conducted electronically or by fax.

Dates of Auctions

D7.2 The Operators will give reasonable notice of any Periodic Auction by publishing a provisional calendar with the dates of all Auctions for the following calendar year.

Cancellation, Suspension, Deferral

D7.3 The Operators may cancel, suspend or defer the date of any Periodic Auction by notifying Users of the revised date of the Auction at least 5 Business Days before the previously announced date for the Auction.

Volumes

D7.4 The number of Units auctioned in any Periodic Auction will include:

- (a) a proportion (as determined by the Operators) of the available Interconnector Capacity (in the form of Units) not already allocated to Users; and
- (b) Reallocation Units (if any) made available for reallocation under Rule E3.

Auction Specification

D7.5 At least 5 Business Days before the first day of a Periodic Auction, the Operators will publish the specification for that Auction stating:

- (a) the code identifying the Auction;
- (b) the Auction process, either electronic or fax and related procedures;
- (c) the number of Units to be made available in the Auction;
- (d) the direction of the Units, either England to France or France to England;
- (e) the Validity 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;

- (f) the Reserve Price (if any is to be published) or a Guide Price for that Auction, which shall be expressed as a price per Unit for the Validity Period indicated;
- (g) the Target Availability of the Units for the Validity Period;
- (h) subject to Rule D7.3, the dates and times of the Bidding Period for that Auction;
- (i) the arrangement for invoicing, payment and the provision of Security Cover for the Units; and
- (j) any other relevant information or terms applicable to the Units or the Auction.

Bids

D7.6.1 To participate in an Auction, a User must submit one or more Bids in accordance with Rule D5. Only Bids submitted during the Bidding Period will be valid.

D7.6.2 The User must nominate its Bids in euros and the Unit Price will be payable in euros.

Allocation

D7.7 After the close of the Bidding Period, the Operators will allocate Units on the basis of price in accordance with Rule D6. Units will not be allocated below the Reserve Price (if any) and unallocated Units will be made available for sale in later auctions.

Order of allocation

D7.8 If the number of Units allocated in the Auction is less than the total number offered in that Auction, the Operators will allocate Units to Bids in the order set out in Rule D7.4, with previously unallocated Interconnector Capacity being allocated first, then Reallocation Units. Accordingly, Reallocation Units will only be allocated to the extent that there is demand for Units in the Auction in excess of the previously unallocated Interconnector Capacity available in that Auction.

Confirmations

D7.9 After each Periodic Auction, the Operators will send a Confirmation to each User that participated within 2 Business Days after the end of the Bidding Period. The Confirmation will state:

- (a) the number of Units allocated to that User in the Auction;
- (b) the prices at which the Units were allocated to the User; and
- (c) the number of Units allocated to the User at each price.

Publication of results

D7.10 The Operators will publish the results of each Periodic Auction within 5 Business Days following the close of the Auction. The results will identify the prices at which Units were allocated and the number of Units allocated at each price and may identify individual Unit Holders.

System failure

D7.11 If the Auction System fails, and in the reasonable opinion of the Operators it is not practical to conduct a Periodic Auction electronically (where that was planned), the Operators may, instead of cancelling the Periodic Auction, allocate the Periodic Units using a procedure for conducting Auctions by fax to be specified by the Operators from time to time.

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 eight Rules as follows:

- (a) Rule E1: Introduction;
- (b) Rule E2: Description of Units;
- (c) Rule E3: Reallocation of Interconnector Capacity;
- (d) Rule E4: Use-It-or-Lose-It;
- (e) Rule E5: Outages;
- (f) Rule E6: Curtailment;
- (g) Rule E7: Curtailment Reconciliation;
- (h) Rule E8: Conditions of use; and
- (i) Rule E9: Reassignment.

Rule E2: Description of Units

Units

E2.1 Each Unit entitles the User that acquires it (or the User taking a reassignment) to use Interconnector Capacity by requesting, in accordance with Rule E2.3, a Transfer of up to 1MW at mid-Channel but only:

- (a) in the direction specified for that category of Unit; and
- (b) in Settlement Periods during the Validity Period of that Unit,

and subject to and on the terms and conditions of these Rules including any reduction or Curtailment under Rules E3.14, E4.7 and E6.4 or the relevant Tender or Auction Specification and subject to any reassignment under Rule E9.

Interconnector Capacity Entitlement (ICE)

E2.2.1 The ICE of a Unit Holder for a Contract Day in a direction is a schedule showing, for each Settlement Period in the Contract Day, the total number of MW of Interconnector Capacity the Unit Holder is entitled to use during each Settlement Period in that direction determined in accordance with Rule E2.1, subject to any reduction or Curtailment under Rules E3.14, E4.7 and E6.4 or in accordance with these Rules or the relevant Tender or Auction Specification, and subject to any reassignment under Rule E9.

E2.2.2 The Operators will notify each User of its ICE for the Contract Day “D” within 60 minutes of the close of the daily auction for that Contract Day and will update that notice as required to reflect any changes in Interconnector Capability. The ICE value of a User in a Settlement Period is the value as updated from time to time.

Mid-Channel Nominations

E2.3.1 For each Settlement Period in an IFA Day in which some or all of the Validity Period of a Unit Holder’s Unit falls, each Unit Holder must nominate to the Operators a Transfer at mid-Channel (which may be zero) up to the value and shall not exceed the User’s ICE in that direction in that Settlement Period at that time.

E2.3.2 Each nomination under Rule E2.3.1 must be made in a notice (“Mid-Channel Nomination”) comprising a schedule of Transfers for each Settlement Period in the IFA Day and must be expressed as whole MW, with a single value for each Settlement Period, and must otherwise comply with the requirements for Mid-Channel Nominations in Schedule 4.

Business Rules for use of Interconnector Capacity

- E2.4 Unit Holders must comply with the Business Rules in Schedule 4, including as to the form and timing of Mid-Channel Nominations.

Allocation of Deemed Metered Volumes

- E2.5 If a User submits a valid request for a Transfer for a Settlement Period, then the Operators will ensure that a corresponding Deemed Metered Volume, adjusted for losses on the Interconnector and for any reductions in ICE, is allocated to the relevant Energy Accounts of the User for the purposes of each of the Balancing and Settlement Code and the RTE Settlement Arrangements using the Deemed Metered Volume allocation rules set out in Schedule 5.

Operation not restricted

- E2.6 Each User acknowledges that, without prejudice to the rights of Users under Rule E2.3 and Rule E2.5, Unit Holders do not have a right to control Transfers over the Interconnector and the actual level of Transfers over the Interconnector at any time is determined by the Operators having regard to a range of factors including other Mid-Channel Nominations, operational requirements and use of the Interconnector under other arrangements such as the provision of emergency support and balancing services. Nothing in these Rules restricts the Operators from Transferring electricity over the Interconnector at any time in either direction.

Restrictions on use

- E2.7 A User will not be entitled to use any Interconnector Capacity other than at the times, in the manner and to the extent provided for under these Rules.

Rule E3: Reallocation of Interconnector Capacity

Reallocation Request

E3.1 A Unit Holder may ask the Operators to reallocate the User's rights to use Interconnector Capacity on the terms set out in this Rule E3.

Reallocation Requests for an Annual Auction

E3.2 A Unit Holder may make a Reallocation Request for a forthcoming Auction but only if the conditions in Rule E3.3 are met in respect of that request and otherwise subject to this Rule E3.

Conditions

E3.3 The conditions are:

- (a) the Unit Holder must have Units with a Validity Period longer than and coincident (at least in part) with the Validity Period of the Units being offered in the forthcoming Auction; and
- (b) the Reallocation Request must be for reallocation of Units during a Reallocation Period that is the same as the Validity Period of the Units being offered in that forthcoming Auction.

Parameters

E3.4.1 Each Reallocation Request must state the number and category of the Units subject to the Reallocation Request. This must be a whole number and must not exceed the number of Units in that category held by the Unit Holder making the Reallocation Request (taking into account any reassignment of capacity under Rule E9).

E3.4.2 Each Reallocation Request must state the Reallocation Period. The Reallocation Period must be during the Validity Period of the Units subject to the Reallocation Request.

Timing and form

E3.5.1 A Reallocation Request made for a forthcoming Annual Auction must be made not later than 6 Business Days before the opening of the Bidding Period for the relevant Annual Auction.

E3.5.2 A Reallocation Request made for a forthcoming Daily Auction must be made in the CAR Notice given by the User under Rule E4.2.

E3.5.3 A Reallocation Request made for a forthcoming Periodic Auction must be made not later than 6 Business Days before the opening of the Bidding Period for the relevant Periodic Auction.

No withdrawal

- E3.6 Once a Reallocation Request is made, it may be withdrawn only with the consent of the Operators and cannot be withdrawn after the latest time for submitting (as the case may be) the request as specified in Rule E3.5.1 or E3.5.3 or the CAR Notice. A request to withdraw a Reallocation Request must be made in writing.

Effect of Reallocation Request

- E3.7 Where a Reallocation Request is made, the Operators will include Units (“Reallocation Units”) in the direction and number of the Units specified in the Reallocation Request in the forthcoming Auction but only to the extent that Interconnector Capacity is available and the Operators may allow only some of the number requested (on a first-come-first-served basis). The Reserve Price, if any, for the relevant Auction applies to Reallocation Units and the price at which Reallocation Units are sold depends on the outcome of the Auction.

Allocation subject to demand

- E3.8 Reallocation Units will be made available in Auctions only to the extent that Interconnector Capacity is available and will be allocated to Bids in the Auction only:
- (a) after allocation of all Interconnector Capacity that has not previously been allocated to Users by the Operators; and
 - (b) to the extent that there is demand for Units in the Auction at or above the Reserve Price (if any) in excess of the amount of previously unallocated Interconnector Capacity available in that Auction.

Nature of relationship

- E3.9 Reallocation Units are made available in Auctions, and are allocated by the Operators, as principals and not as agents of the Unit Holder making the Reallocation Request. No rights or obligations arise or exist in connection with allocation of Reallocation Units as between the Unit Holder making the Reallocation Request and the User to whom the Reallocation Units are allocated.

Obligations of Operators

- E3.10 The Operators’ obligations in respect of a Reallocation Request to the Unit Holder making the Reallocation Request are only those expressly set out in this Rule E3. For the avoidance of doubt, the Operators are under no obligation, express or implied, to ensure that demand in any Auction is such that Reallocation Units will be allocated to Bids in that Auction.

Effect of allocation of Reallocation Units

- E3.11 Rules E3.12, E3.13, E3.14 and E3.15 apply if Reallocation Units are allocated to Users in any Auction. In those Rules, “Relevant Unit Holder” means, in relation to an Auction, a Unit Holder who made a Reallocation Request in respect of that

Auction. In the case of an Annual Auction, the exchange rates applicable to the Auction will be used to convert payments into one currency, as necessary.

Notice of allocation

E3.12 By 09:00hrs on the day of the Daily Auction and a reasonable time after an Annual Auction or a Periodic Auction, the Operators will notify all Relevant Unit Holders of:

- (a) the total number of Reallocation Units offered in the Auction;
- (b) the total number of Reallocation Units allocated;
- (c) the aggregate of the Unit Prices for all allocated Reallocation Units (that is, the total Auction revenues attributable to Reallocation Units);
- (d) the average price per Reallocation Unit (calculated by dividing the aggregate price referred to in paragraph (c) by the number referred to in paragraph (b)) and, in the case of an Annual Auction using the exchange rate applicable to the Auction;
- (e) the pro-rata factor for apportionment of allocated Reallocation Units to Relevant Unit Holders (calculated by dividing the number referred to in paragraph (b) by the number referred to in paragraph (a)); and
- (f) for each Relevant Unit Holder, the payment calculated for it under Rule E3.13 and its loss of entitlement to use Interconnector Capacity calculated under Rule E3.14.

(For example, User A requests 10 Units to be reallocated and User B later requests 40 Units be reallocated. Due to an Outage, the Operators allow User B only 30 Units. In the Auction, 20 Reallocation Units are allocated, of which 10 are sold at €200/unit and 10 are sold at €500/unit. Under Rule E3.12: (a) is 40; (b) is 20; (c) is €7,000; (d) is €350; (e) is $\frac{1}{2}$; and (f) is, for User A, €1,750 ($€350 * \frac{1}{2} * 10$) and, for User B, €5,250 ($€350 * \frac{1}{2} * 30$). Under Rule E3.14, User A's ICE in each Settlement Period is reduced by 5MW ($\frac{1}{2} * 10$) and User B's ICE in each Settlement Period is reduced by 15MW ($\frac{1}{2} * 30$).

Payment

E3.13 Each Relevant Unit Holder will be entitled to a payment calculated as follows:

$$A = (B * C * D) - E + F - G$$

where:

- A is the amount of the payment;
- B is the average price per Reallocation Unit notified under Rule E3.12(d);
- C is the pro-rata apportionment notified under Rule E3.12(e);

- D is the number of MW specified in the Relevant Unit Holder's Reallocation Request to the extent allowed by the Operators under Rule E3.7;
- E is the fee specified by the Operators from time to time;
- F is a pro-rata apportionment to the User of the total of all Reconciliation Payments (called "URP") (if any) paid by the Users who purchased the Reallocation Units in the relevant Auction to the Operators, as calculated under Rule E7.5; and
- G is a pro-rata apportionment to the User of the total of all Reconciliation Payments (called "ORP") (if any) paid by the Operators to the Users who purchased Reallocation Units in the relevant Auction, as calculated under Rule E7.6.

Reduction of ICE

E3.14.1 Each Relevant Unit Holder will lose its entitlement to use corresponding Interconnector Capacity to the extent specified in Rule E3.14.2 for the Reallocation Period stated in its Reallocation Request and accordingly its ICE will be reduced to the extent specified in Rule E3.14.2. In all other respects, Relevant Unit Holders' rights and obligations relating to Units will not be affected. For example, they are still required to pay the full Unit Price or Block Price (as the case may be) for their Units.

E3.14.2 Subject to Rule E3.14.3, each Relevant Unit Holder's ICE in each Settlement Period in the Reallocation Period shall be reduced as follows:

$$L = N * P$$

where:

- L is the number of Units deducted in calculating the ICE in each Settlement Period;
- N is the number of Units specified in the Unit Holder's Reallocation Request to the extent allowed by the Operators under Rule E3.7; and
- P is the pro-rata factor for apportionment of allocated Reallocation Units to Relevant Unit Holders calculated under Rule E3.12(e) above.

E3.14.3 To the extent that any number calculated under Rule E3.14.2 is not a whole number, it shall be rounded down to the nearest whole number. Any Interconnector Capacity remaining as a result of the rounding down process will, to the extent it is a whole number, be allocated to Relevant Unit Holders in the form of Units, one Unit at a time, starting with the Relevant Unit Holder with the smallest number of Units in that direction and then in ascending order by volume and recommencing the process until all Interconnector Capacity is allocated, but missing any Relevant Unit Holder where allocation of a Unit would increase the relevant ICE values above the value it would have been before reallocation.

Invoicing and payment

E3.15 Reallocation payments relating to Annual Auctions will be paid in 12 equal monthly instalments in arrears, with the amounts attributable to Reconciliation Payments only paid in the last instalment. Reallocation payments relating to Periodic Auctions will be paid in equal monthly instalments in arrears in each of the months following the month in which the relevant Auction was held, with the amounts attributable to Reconciliation Payments only paid in the last instalment. Reallocation Payments relating to Daily Auctions will be paid in the month following the month in which the relevant Auction was held. Reallocation Payments payable in any month will be shown as a credit in the invoice for the instalment of the Unit Price or Block Price for that month, converted where necessary into pounds or euros using the exchange rule applicable to the Annual Auction in which the Reallocation Units were sold.

Rule E4: Use-It-or-Lose-It

Use-It-or-Lose-It

E4.1 To the extent that any Unit Holder does not confirm its intention to use or request reallocation of its Units on any Contract Day, it will lose the right to use its Units on that Contract Day in accordance with this Rule E4.

Confirmation and reallocation notices

E4.2 Each Unit Holder must give the Operators a confirmation and reallocation notice (“CAR Notice”) confirming its intention to use or request reallocation of its Units (other than Daily Units) for each Contract Day during the Validity Period of the Unit in accordance with Rule E4.3.

Form and timing

- E4.3.1 In giving CAR Notices, each Unit Holder must comply with the following:
- (a) each CAR Notice must be in the form approved by the Operators from time to time;
 - (b) each CAR Notice must state the Contract Day to which it relates (in this Rule E4 called the “Relevant Contract Day”) and the maximum number of MW of its ICE the Unit Holder intends to use during the course of the Relevant Contract Day (which must be a whole number);
 - (c) each CAR Notice must be given no later than 06:00hrs on the day of the Daily Auction(s) for the Relevant Contract Day.
- E4.3.2 A Unit Holder may include, in a single CAR Notice, the information required by Rule E4.3.1 for multiple Contract Days, but only up to a month in advance.

Errors

E4.4 If the Operators consider that there is an error or omission in a CAR Notice then they may notify the relevant Unit Holder as soon as practicable, but they are under no obligation to do so.

Amendment

E4.5 A Unit Holder may amend a CAR Notice given by it at any time up until the latest time for submission of the notice as specified in Rule E4.3.1 (c).

Missing or incomplete CAR Notices

E4.6 If, in respect of a Relevant Contract Day, a Unit Holder fails to submit a CAR Notice in the form and by the time required under this Rule E4, then, to the extent that a CAR Notice is incomplete, it will be taken to have submitted the

requisite notice for the Contract Day for that category of Units stating that it does not intend to use any of those Units on the Relevant Contract Day. Accordingly, under Rule E4.7, the User will not be entitled to use any Interconnector Capacity associated with that category of Units on the Relevant Contract Day.

Unused Units and Lost Units

- E4.7.1 The Operators will calculate the number of Units that each Unit Holder does not intend to use or make available for reallocation for the Relevant Contract Day for each category of Unit (other than Daily Units) (“Unused Units”). The number of Unused Units will be calculated by subtracting the number of Units in each category that the Unit Holder intends to use or make available for reallocation on the Relevant Contract Day as stated in its CAR Notice from the number of Units in that category held by the Unit Holder.
- E4.7.2 If the resulting number calculated under Rule E4.7.1 is greater than zero, then:
- (a) in calculating the Unit Holder’s ICE in each Settlement Period of the Relevant Contract Day, Unused Units will be deducted from the total number of relevant Units owned by that Unit Holder;
 - (b) the Unit Holder’s other rights and obligations in relation to its Units will not be affected. For example, it is still required to pay the full Unit Price for its Units; and
 - (c) the Operators will make Daily Units (“Lost Units”) corresponding in number and direction to the reduction under paragraph (a) available in the appropriate Daily Auction for the Relevant Contract Day.

Rule E5: Outages

Introduction

E5.1 The Operators will give Users information about Outages in accordance with this Rule E5.

Annual Indicative Outage Schedule

E5.2 In November of each year the Operators 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.

Monthly Outage Schedule

E5.3 In each month, as soon as reasonably practicable after they have been agreed by the Operators, the Operators will publish a schedule of the Outages planned for the following month. The schedule will specify the expected start and end dates and times of each Outage and the expected Interconnector Capability during each Outage.

Updates

E5.4 The Operators will update the information given under Rule E5.3 as soon as practicable after any changes are known.

Changes

E5.5.1 The Operators will use reasonable endeavours to ensure that the information provided under this Rule E5 is accurate and that Outages take place as indicated by the information.

E5.5.2 Notwithstanding Rule E5.5.1, each User acknowledges that circumstances may arise that require the Operators to take Outages at times other than those planned and therefore the Operators remain free to plan and execute any Outages that they consider necessary.

E5.5.3 Without prejudice to Rule F7, the Operators exclude any and all liability for any claims, payments, costs and expenses arising out of any differences between the information provided under the Rules and actual Outages (other than rebates calculated under Rule E7), whether the claim arises in contract or on any other basis, except to the extent that liability cannot by law be excluded.

Unexpected availability

E5.6 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 after the Daily Auction, the

Operators will use reasonable endeavours to notify all Users of its availability promptly and will allocate the Interconnector Capacity to Users for the direction in question using the allocation procedure described in Rule D4.13 at the price specified in the notification.

Forced Outages and Trips

- E5.7 The Operators will notify Users of any Forced Outages or Trips as soon as practicable after the Forced Outage is planned or the Trip commences. Following that initial notice, the Operators will as soon as practicable give Users information about the Forced Outage or the Trip including where possible the expected Interconnector Capability and its expected duration. These details will be given for information purposes only and they are not binding on the Operators and Rule E5.5.3 applies to that information.

Rule E6: Curtailment

Curtailment

E6.1 The Operators will Curtail the ICE values of all Unit Holders during each Settlement Period in which there is a Capacity Shortage in accordance with this Rule E6. Users acknowledge that a Capacity Shortage, or any increase in the Curtailment Quantity during a Capacity Shortage, which arises after the relevant Interconnector Gate Closure will be reflected in the calculation of Deemed Metered Volumes in accordance with Schedule 5.

Notice

E6.2.1 The Operators will notify Users of any Curtailments as soon as practicable after the need for Curtailment is known stating the Capacity Shortage and the expected Curtailment Factor during the Capacity Shortage. If the Operators consider it reasonable to delay giving notice under this Rule E6.2.1 for a short period, then they may do so.

E6.2.2 Expected Curtailment Factors may change from time to time and the Operators will notify any revision to expected Curtailment Factors as soon as practicable after it is known.

Capacity Shortage

E6.3 A Capacity Shortage occurs in any minute in a direction if:

$$IC < \Sigma ICE$$

where:

IC is the value of the Interconnector Capability at that time in that direction;
and

ΣICE is the sum of the ICE values for all Users at that time and in that direction (before Curtailment of that ICE under Rule E6.5.1 in respect of the relevant Capacity Shortage),

and the "Curtailment Quantity" is the positive number equal to the difference between IC and ΣICE .

Curtailment Factor

E6.4 The Curtailment Factor for a Settlement Period in which there is a Capacity Shortage is calculated as follows:

$$CF = 1 - (CQ/\Sigma ICE)$$

where:

CF is the Curtailment Factor;

CQ is the integrated value of the Curtailment Quantity over that Settlement Period; and

ΣICE is the sum of the integrated values of the ICEs over that Settlement Period (before curtailment under Rule E6.5.1 in respect of the relevant Capacity Shortage).

Curtailment

E6.5.1 If there is a Capacity Shortage in any Settlement Period, the ICE values of all Users in that Settlement Period in the direction of the Capacity Shortage will be Curtailed by multiplying the ICE value of each User in that Settlement Period by the Curtailment Factor.

E6.5.2 To the extent that the calculation under Rule E6.5.1 results in an ICE value for a User that is not a whole number, the Operators will round the result down to the nearest whole number. Any Interconnector Capacity remaining as a result of the rounding down process will, to the extent it is a whole number, be allocated by the Operators to Users one MW at a time, starting from the User with the smallest ICE value in that Settlement Period in that direction and then in ascending order by ICE values and recommencing the process until all Interconnector Capacity is allocated, but missing any User where allocation of a MW would increase its ICE values above the ICE value before Curtailment.

Rule E7: Curtailment Reconciliation

Introduction

E7.1 Differences between the Target Availability and actual Availability of Units will be calculated by the Operators and Reconciliation Payments made by the Operators or Users (as the case may be) in accordance with this Rule E7.

Target availability

E7.2 The Target Availability of each Unit will be specified in the relevant Tender Specification or Auction Specification (as the case may be). The Target Availability will be expressed as a percentage and will be the Operators' estimate of the Availability of the Unit during its Validity Period.

Contract Day Availability

E7.3 The Contract Day Availability of all Units of each Unit Holder in each Contract Day (for those of its Units having a Validity Period that includes that Contract Day) is a percentage calculated as follows:

$$CDA = \left(1 - \frac{\sum RA}{48NU} \right) * 100$$

where:

CDA is the Contract Day Availability of that Unit Holder's Units for that Contract Day (expressed as a percentage); and

$\sum RA$ is the sum, for each Settlement Period in the Contract Day in which there was a Capacity Shortage, of the amount of reduction in the Interconnector Capacity associated with that Unit Holder's Units calculated as follows:

$$RA = NU - FU$$

where:

RA is the amount of reduction in that Settlement Period;

NU is the total number of Units of the User having a Validity Period that includes the Contract Day but not including any Units reallocated (as calculated under Rule E3.14.2) and not including any Unused Units (as calculated under Rule E4.7) and not including any Units reassigned to that User;

FU is the maximum of the ICE and the Deemed Metered Volume (expressed in MW) of that User in the Settlement Period in that direction;

and

NU is as calculated above.

Availability of each Unit

E7.4 The Availability of a Unit over a period of time (being one or more Contract Days) is calculated as follows:

$$AAU = \frac{\sum CDA}{ND}$$

where:

AAU is the Availability during that period of time;

ΣCDA is the sum of the CDAs calculated for that Unit for each Contract Day in that period of time under Rule E7.3; and

ND is the number of Contract Days in the period of time.

Reconciliation

E7.5 For each of its Units having a Reconciliation Period longer than one Contract Day (including any reallocated under Rule E3.14.2 or lost under Rule E4.7 or reassigned under Rule E9), if the Availability of the Unit during the Reconciliation Period for that Unit is greater than the Target Availability of that Unit during that time, then the Unit Holder must pay the Operators an amount in respect of that Unit calculated as follows:

$$URP = EA * UP$$

where:

URP is the amount of the payment;

EA is equal to:

$$\left(\frac{AAU}{TA} - 1 \right)$$

where:

TA is the Target Availability for the Unit during the Reconciliation Period; and

AAU is the Availability of the Unit during the Reconciliation Period calculated under Rule E7.4;

and

UP is the Unit Price for the Unit. (In the case of a Unit that was purchased as part of a Block, the Unit Price is the Block Price per Contract Year divided by the number of Units in the Block).

Availability rebate

E7.6 For each Unit of a User, if the Availability of a Unit during the Reconciliation Period for that Unit is less than the Target Availability of the Unit during that time, then the Operators must pay the Unit Holder a rebate in respect of that Unit calculated as follows:

$$ORP = AS * UP$$

where:

ORP is the amount of the rebate;

AS is equal to:

$$\left(1 - \frac{AAU}{TA}\right)$$

where:

AAU and TA have the meanings given to them in Rule E7.5;

and

UP has the meaning given to it in Rule E7.6.

Reconciliation Period

E7.7 The Reconciliation Period for a Unit having a Validity Period of more than 1 Contract Year is 1 Contract Year, commencing at the beginning of the first and each subsequent Contract Year during the Validity Period of the Unit. The Reconciliation Period for all other Units equals the Validity Period of the Unit.

Payments

E7.8 Reconciliation Payments are payable as follows:

- (a) the Operators must notify each User of any Reconciliation Payment for a Daily Unit not later than 10 Business Days after the Validity Period of the Unit ends. The Reconciliation Payment falls due for payment by the User or the Operator (as the case may be) not later than 10 Business Days after that notification; and

- (b) in the case of all other Units, the Operators must notify each User of any Reconciliation Payment not later than 20 Business Days after the end of the relevant Reconciliation Period. The Reconciliation Payment falls due for payment by the User or the Operator (as the case may be) not later than 10 Business Days after that notification.

No other payments

- E7.9 Without prejudice to the generality of Rule F7, payment of Reconciliation Payments under this Rule E7 is the only liability of the Operators to Users in respect of failure to achieve Target Availability. Neither Operator is liable to pay, and the Operators hereby exclude liability in respect of, any other amount in respect of failure to achieve Target Availability whether by way of rebate, compensation, claim, debt or otherwise and whether the claim is made in contract or on any other basis, except to the extent that liability cannot by law be excluded.

Rule E8: Conditions of use

Trading and transmission access

- E8.1 It is a condition of use of Interconnector Capacity that (unless otherwise agreed by the Operators) the User at all times:
- (a) is party to an IFA User Agreement;
 - (b) maintains a Use of System Interconnector Offer and Confirmation Notice with National Grid and if required by National Grid, must be party to the Framework Agreement established under CUSC and is presently entitled to use the National Grid Transmission System;
 - (c) maintains an *Accord de Participation* with RTE;
 - (d) is a Trading Party for the purposes of the Balancing and Settlement Code and is presently entitled to participate in the trading arrangements established by that Code;
 - (e) has registered Interconnector BM units; and
 - (f) has the ability, to the reasonable satisfaction of the Operators, to post information to the Transmission System Operators using information systems specified by them from time to time for that purpose.

Grid Codes

- E8.2.1. Each User must comply with the NGET Grid Code and the RTE Grid Code in relation to its use of Interconnector Capacity and all other matters under and contemplated by these Rules.
- E8.2.2 Neither the Operators nor Users will be required to comply with the NGET Grid Code or the RTE Grid Code to the extent (if any) that the GB Regulator or the French Regulator (as the case may be) issues directions (in the case of National Grid) relieving National Grid from the obligation to comply with the National Grid Transmission Licence or specified Licence Standards or (in the case of National Grid, RTE and Users) relieving those persons from the obligation to comply with the NGET Grid Code or the RTE Grid Code in respect of such parts of the relevant Code as may be specified in those directions.

Operation of the Interconnector

- E8.3.1 The Operators have the right to increase or curtail Transfers over the Interconnector or to reduce the Interconnector Capability including by de-energising and/or disconnecting the Interconnector.
- E8.3.2 The Operators will act as Reasonable and Prudent Operators to make the Interconnector available to Users.
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Rule E9: Secondary Trading and Capacity Reassignment

Permitted Reassignment

E9.1.1 Secondary Trading and Reassignment of a Unit Holder's right to use Units is permitted under these Rules only if the following conditions are satisfied:

- (a) the Unit Holder gives the Operators a notice of the reassignment ("Reassignment Notice") that complies with Rule E9.2;
- (b) the Unit Holder making the reassignment is reassigning Units with a Validity Period of at least one Contract Day;
- (c) the reassignment is made to an existing User;
- (d) the duration of the reassignment ("Reassignment Period") is one or more Contract Days;
- (e) at least 1 Unit is being reassigned;
- (f) the Unit Holder has as many Units as the number it wishes to reassign (taking into account any reduction due to previous reassignment or reallocation); and
- (g) at the time it gives the Reassignment 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.

E9.1.2 A Unit Holder may give more than one Reassignment Notice covering the same period of time, subject to each notice complying with this Rule E9.

Reassignment Notice

E9.2.1 A Reassignment Notice must be given not later than 17:00hrs the day before the ICE profile for the first Contract Day of the Reassignment Period is published and must:

- (a) identify the Unit Holder making the reassignment;
- (b) identify the User to whom the Units are being reassigned and include evidence of the User's consent to the reassignment;
- (c) state the Reassignment Period, which must be a continuous period of one or more Contract Days starting at the beginning of the first Contract Day of a given period and ending on or before the end of the Validity Period of the Units;

- (d) state the number and category of the Units the subject of the Reassignment Notice. This must be 1 or more, a whole number and must not exceed the number of Units in that category held by the Unit Holder (taking into account any reduction due to previous reassignment or reallocation); and
- (e) be in the form and be sent to the address or facsimile number specified by the Operators from time to time.

E9.2.2 A Unit Holder giving a Reassignment Notice must promptly comply with any request by the Operators for clarification of the notice.

E9.2.3 The Operators will acknowledge receipt of Reassignment Notices. The Operators may reject any Reassignment Notice that is invalid or that purports to reassign capacity in circumstances not permitted by this Rule E9 or if the Unit Holder has failed to comply with a request under Rule E9.2.2 in relation to that notice.

E9.2.4 A Reassignment Notice cannot be withdrawn without the consent of the Operators and the User to whom that reassignment has been made.

Effect of Reassignment

E9.3.1 If a Unit Holder gives a valid Reassignment Notice in accordance with this Rule E9, then for the duration of the Reassignment Period:

- (a) the User to whom the reassignment was made is treated as the Unit Holder of those Units for the purpose of Rules A2.2, E2, E3 (other than E3.2), E4, E6 and Schedules 4 and 5; and
- (b) the Unit Holder that gave the Reassignment Notice loses its entitlement to use corresponding Interconnector Capacity and its ICE will be reduced accordingly. In all other respects, the Unit Holder's rights and obligations relating to its Units will not be affected. For example, it is still required to pay the full Unit Price or Block Price (as the case may be) for its Units and is still the Unit Holder for the purposes of curtailment reconciliation and Credit Cover requirements.

E9.3.2 The Operators may, by notice given to both the Unit Holder who made a reassignment and the User to whom it was reassigned, terminate any reassignment of capacity under this Rule E9 with immediate effect upon:

- (a) termination of the IFA User Agreement of the Unit Holder making the reassignment;
- (b) termination of the IFA User Agreement of the User to whom the capacity was reassigned; and
- (c) if a notice under Rule F6.3.1 is given to the Unit Holder who made the reassignment.

SECTION F: GENERAL CONDITIONS

Rule F1: Introduction

Scope

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

Structure

F1.2 Section F is divided into 9 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 Operators and each User shall be sent to the address or facsimile number and marked for the attention of the addressee's representative as set out in the User's IFA User Agreement or as notified by the addressee from time to time.

Notice to Operators

F2.3 Notices from a User to the Operators must be sent to both Operators.

Method and time of delivery

F2.4.1 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, *lettre RAR* or equivalent) or sent by facsimile 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 facsimile, on acknowledgement of receipt by the addressee's facsimile receiving equipment.

F2.4.2 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 F2.4, 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, a Recipient may disclose Confidential Information of a Disclosing Party:

- (a) to the extent expressly permitted or contemplated by the Rules;
- (b) where the Recipient is National Grid or RTE, to each other, including in their capacity as Transmission System Operators;
- (c) with the prior written consent of the Disclosing Party;
- (d) to any person who is one of the directors, officers, employees, agents, advisers or insurers of the Recipient and who needs to know the Confidential Information in connection with these Rules;
- (e) as may be directed or ordered under or required in order to comply with any Applicable Law;
- (f) as may be required to comply with the requirements of the NGET Grid Code, the RTE Grid Code, the Balancing and Settlement Code, or the RTE Settlement Arrangements;
- (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.

Survival

F3.3 The obligations of confidentiality in this Rule F3 shall continue for a period of 5 years after termination of the User's IFA User Agreement.

Rule F4: Assignment and subcontracting

Operator Assignment

F4.1 Each Operator may assign its rights and novate its obligations under IFA User Agreements and these Rules to any entity which is to succeed it as joint operator of the Interconnector and joint provider of the services sold to Users under these Rules and these Rules shall be binding upon and enure for the benefit of the assigns and successors in title of each Operator. Each User will do all things reasonably requested of it by the Operators to give effect to such assignment and novation, including execution of documents.

User Assignment

F4.2 Subject to Rule E9 and Rule F4.3, a User may not assign, novate or otherwise transfer any of its rights or obligations under its IFA User Agreement or these Rules without the prior written consent of the Operators.

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 its IFA User Agreement or these Rules and is subject to the indemnity in Rule F7.4.

Rule F5: Force Majeure

Suspension

F5.1 Where the Operators or a User is prevented from, or delayed in performing, all or any of its obligations under these Rules by reason of Force Majeure and the affected person wish to rely on the Force Majeure these Rules remain in effect but:

- (a) the affected person's obligations; and
- (b) the obligations of the other owed to the affected person under these Rules,

are, subject to Rule F5.2, suspended.

Limits of suspension

F5.2 Suspension under Rule F5.1 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 person relying on Rule F5.1 must give the other prompt notice describing the circumstances of Force Majeure, including the nature of the occurrence and its expected duration, and must continue to furnish reports with respect thereto with reasonable frequency during the period of Force Majeure; and
- (c) the suspension of performance applies only for so long as the person relying on Rule F5.1 is using reasonable efforts to remedy their inability to perform.

Termination

F5.3 If suspension under Rule F5.1 claimed and relied on by the affected person continues for a period of 6 months then the Operators 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 IFA User Agreement. Termination takes effect 10 Business Days after the notice is given or any later date specified in the notice. An Annual Unit Holder or Block Holder whose IFA User Agreement is terminated under this Rule F5.3 is under no obligation to pay remaining instalments of the Unit Price or Block Price (as the case may be) 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 consent), Rule F5 (termination for Force Majeure) or Rule F6.3 (compulsory termination).
- F6.1.2 A User's rights may be suspended under Rule F6.3.
- F6.1.3 This Rule F6 is without prejudice to other remedies available to the Operators under these Rules.

Termination by mutual consent

- F6.2 A User and the Operators may agree at any time to terminate the IFA 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 Operators.

Suspension and termination by the Operators

- F6.3.1 If any of the events in Rule F6.4 (each an "Event of Default") occurs in relation to a User, the Operators may by notice to the User:
- (a) terminate the IFA User Agreement to which the User is a party, including the User's rights to use Interconnector Capacity;
 - (b) suspend the User's rights to participate in Tenders and Auctions until the User has remedied the Event of Default specified in the notice; or
 - (c) suspend the User's rights to use Interconnector Capacity accordingly, (and reduce its ICEs to zero) until the User has remedied the Event of Default specified in the notice.
- F6.3.2 A notice under Rule F6.3.1 takes effect from the time it is given or any later time specified in it. The Operators may withdraw a notice under Rule F6.3.1(a) at any time before it has taken effect and may withdraw a notice under Rules F6.3.1(b) or F6.3.1(c) at any time. Having given a notice under Rule F6.3.1, the Operators may give a further or other notice at any time in respect of the same or a different Event of Default.

Events of Default

- F6.4 The Events of Default referred to in Rule F6.3.1 are the following:
- (a) if a User fails to pay any amount properly due and owing from that User to the Operators pursuant to these Rules;

- (b) subject to Rule F6.5, an Insolvency Event or a Suspension Event occurs in respect of the User;
- (c) the Operators are satisfied on reasonable grounds that the User no longer satisfies one or more of the Eligibility Conditions or has failed to comply with the conditions of a derogation under Rule B2.2;
- (d) if a User fails to provide and maintain Credit Cover in accordance with Rule B7;
- (e) if a User commits a breach of these Rules or an IFA User Agreement (other than a failure to pay) and (if capable of remedy) the breach has not been remedied within 10 Business Days of a notice from the Operators requiring remedy;
- (f) if a User persistently breaches these Rules or an IFA User Agreement, whether or not the breach is capable of remedy; and
- (g) if the User commits a breach of any of the provisions of the RTE Grid Code or NGET 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 10 Business Days of a notice from the Operators requiring remedy.

French insolvency law

F6.5 A right of termination under Rule F6.4(b) will not be deemed to exist where the User has its registered office in France and is the subject of a financial reorganisation under the headings of Articles L.620-1 et seq of the French Commercial Code, referred to as *redressement judiciaire*.

Payments

F6.6 If the Operators give a notice to a User under Rule F6.3.1, then, notwithstanding Rule B5.4, the whole of any outstanding balance of Block Prices and Unit Prices in respect of Blocks and Units acquired by the User becomes payable on demand.

Preservation of rights

F6.7 Termination of an IFA User Agreement does not affect any rights and liabilities under or in connection with the IFA User Agreement and these Rules which arose prior to that termination. Accordingly, any User whose IFA User Agreement is terminated will remain liable, subject to and in accordance with the Rules, in respect of all such rights and liabilities.

Rule F7: Liability

Liability for breach

- F7.1 Subject to Rule F7.2 and Rule F7.4, each of the Operators and each User agrees and acknowledges that neither the Operators 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 Operators or the User (as the case may be), or their respective officers, employees or agents; or
 - (b) the liability of the Operators 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 the liability of the Operators 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 Operators 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 and Rule F7.4, none of the Operators or any User nor any of their respective officers, employees or agents shall in any circumstances whatsoever be liable to any other of them 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 Operators or User (as the case may be) to any other person (including another User) howsoever and whensoever arising save as provided in rules F7.1(a) and F7.2.

Indemnity

F7.4 A User shall indemnify and keep indemnified the Operators 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 any Capacity Subcontracting Arrangement to which that User is a party.

General

F7.5.1 Each of the provisions of this Rule F7 shall:

- (a) be construed as a separate and severable term, and if one or more of such provisions is held to be invalid, unlawful or otherwise unenforceable the other or others of such provisions shall remain in full force and effect and shall continue to bind the Operators and each User; and
- (b) survive termination of any IFA User Agreement.

F7.5.2 The Operators and each User acknowledges and agrees that it holds the benefit of Rules F7.1, F7.2, F7.3 and F7.4 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 prevents or restricts either the Operators 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 Operators and a User under or in relation to these Rules (“Dispute”) must be resolved in accordance with this Rule F8.

Debt Proceedings

F8.2.1 The Operators 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 20 Business Days after the date the monies were due.

F8.2.2 The proceedings referred to in Rule F8.2.1 may be brought in any court having jurisdiction to hear such claim. Each User hereby consents for the purposes of such proceedings to submit to the jurisdiction of any court having jurisdiction to hear such claim. Each User irrevocably waives any objection which it may have now or hereafter to the laying of a venue of such proceedings in any court in accordance with Rule F8.2.1 and any claim that any such proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgement in any such proceedings brought in any such court may be enforced in the courts of any other jurisdiction.

Prescribed procedure

F8.3.1 Where there is a Dispute (other than Debt Proceedings) the Operators and Users shall first seek amicable settlement through mutual consultation pursuant to Rule F8.4. Thereafter, unresolved Technical Disputes shall be referred to resolution by an expert using the procedures in Schedule 6, reference to be made by notice from either the Operators or the User. Other unresolved Disputes shall be referred to arbitration in accordance with Rule F8.6.

F8.3.2 Any disagreement as to whether a Dispute is a Technical Dispute shall be determined by an Expert appointed in accordance with Schedule 6.

Amicable resolution

F8.4 If there is any Dispute, a senior representative of each of the Operators and the User with authority to resolve the Dispute must meet within 10 Business Days of a request to meet and seek to resolve the Dispute. If the representatives are unable to resolve the Dispute within 10 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 an expert or by arbitration in accordance with Rule F8.3. This Rule F8.4 does not prevent the commencement of proceedings under Rule F8.2.1.

Technical Dispute to arbitration

- F8.5.1 If either the Operators or the User is not satisfied with the decision of an Expert made using the procedures in Schedule 6, either of them may, within 10 Business Days after receipt of the decision of the Expert, refer the Technical Dispute to arbitration in accordance with Rule F8.6.
- F8.5.2 If an Expert is appointed in accordance with Schedule 6 and has not given its decision within the time required by that Schedule, then either the Operators or the User may, within 10 Business Days after the last day that the Expert's decision was due, refer the Dispute to arbitration in accordance with Rule F8.6. If the Expert gives a decision within that 10 Business Day period, then the reference to arbitration is of no effect and Rule F8.5.1 applies.

Arbitration

- F8.6.1 Where a Dispute is to be referred to arbitration under this Rule F8, either the Operators or the User may give notice to the other stating the nature of the Dispute and referring the Dispute to arbitration. Arbitration under this Rule F8.6 shall be conducted in accordance with the Rules of Arbitration of the Chamber of Commerce (ICC). The arbitration shall be conducted before one arbitrator, of neutral origin and appointed by agreement between the Operators and the User or, if such agreement is not reached within 10 Business Days of the reference to arbitration, then by the ICC. The arbitration shall take place in Geneva and the language of the arbitration proceedings shall be English. The arbitrator shall decide in law and not as an *amiable compositeur*. In the case of a Technical Dispute referred to arbitration, the arbitration will be a first hearing and the arbitrator shall hear arguments and evidence anew.
- F8.6.2 Arbitration awards under this Rule F8.6 shall be final and binding on the Operators and the relevant User as from the date that they are made. Each of the Operators 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

- F8.7.1 Notwithstanding any reference to amicable settlement, expert resolution or arbitration under this Rule F8 the Operators and the User shall continue to perform their respective obligations under these Rules and the User's IFA User Agreement.
- F8.7.2 This Rule F8 survives termination of the User's IFA User Agreement.

Rule F9: Miscellaneous

Governing law

F9.1 These Rules shall be governed by and construed in all respects in accordance with French Law.

Language

F9.2 These Rules will be produced in the English and French languages. The working language of these Rules is English and in the event of inconsistency between the English and French versions, the English language version shall prevail.

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 Operators in connection with these Rules.

F9.3.2 Save where the Operators agree in writing otherwise, all Intellectual Property relating to the subject matter of these Rules conceived, originated, devised, developed or created by an Operator (including jointly with the other) or their respective officers, employees, agents or consultants during the currency of these Rules shall vest, as against Users, in the Operators jointly as sole beneficial owners and shall remain the confidential information of the Operators.

Relationship and nature of rights

F9.4.1 The relationship of the Operators 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 Operators 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, in particular, but not limited to, any *société créée de fait* or *société en participation* (as those terms are defined under French law).

F9.4.2 The rights granted to Users under these Rules and the IFA User Agreements are contractual rights and are not proprietary (*droits réels*) in nature.

No third party rights

F9.5 The Operators and each User each acknowledges and agree that a person who is not a party to the IFA User Agreement between them (including any other User) has no rights to enforce these Rules or the IFA User Agreement as between the Operators 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 an IFA User Agreement shall be effective unless made in accordance with Rule A4.

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 IFA User Agreements or the Disclosed Information or otherwise in relation to or in connection with these Rules, the IFA User Agreements and the Disclosed Information or any transaction or arrangement contemplated by these Rules, the IFA User Agreements and the Disclosed Information except as specifically provided in these Rules or the IFA User Agreement.

Entire agreement

- F9.9 These Rules and the IFA User Agreement contain or expressly refer to the entire agreement between the Operators 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 Operators and each User with respect thereto and each of them acknowledges and confirms that it does not enter into these Rules on the IFA 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 IFA User Agreement.

Remedies exclusive

- F9.10 The rights and remedies provided by these Rules and the IFA User Agreement to the Operators 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 (whether French or English) or statute in respect of the subject matter of these Rules and the IFA User Agreement. Accordingly, each of the Operators and each User hereby waives to the fullest extent possible all such rights and remedies provided
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by law (whether French or English) 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 (whether French or English) or statute in respect of the matters dealt with in these Rules and the IFA 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 an IFA 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 IFA 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.

“Acceptance”	has the meaning given to it in Schedule 4 paragraph 8;
“Accord de Participation”	means an <i>Accord de Participation</i> signed by a User and RTE by which a User agrees to abide by the <i>Règles d'Accès au Réseau Public de Transport Français pour des Importations et des Exportations</i> ;
“Accord de participation en qualité de Responsable d'Equilibre”	means an agreement between RTE and another party under which that party agrees to be responsible for payment of charges associated with imbalances between scheduled and actual generation output and demand from the RTE Transmission System;
“Agreed Credit Limit”	means an agreed credit limit established by a User under Rule B6 in respect of participation in a Tender, an Annual Auction, a Periodic Auction or ongoing participation in Daily Auctions, as the case may be;
“Annual Auction”	means any Auction of Annual Units;
“Annual Unit”	means a Unit with a Validity Period of one Contract Year;
“Annual Unit Holder”	means a User who has been allocated Annual Units under these Rules, any of which at the relevant time have not yet reached the end of their Validity Period;
“Applicable Law”	means any statute, statutory instrument, licence (including the National Grid Transmissions Licence and the Licence Standards) law (whether English or French) or decree (<i>décret</i>) or order in council or directive, or any code including the NGET Grid Code, the RTE Grid Code and the Balancing and Settlement 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 Operators 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 Operators as such for the purposes of these Rules from time to time;
“Auction”	means any auction conducted under these Rules;
“Auction Specification”	means, in relation to an Auction, the specification for the Auction published under Rule D3.5 (in the case of an Annual Auction), Rule D7.5 (in the case of a Periodic Auction) or Rule D4.6 (in the case of a Daily Auction);
“Auction System”	means all hardware, operating systems, software and other systems necessarily used by the Operators for conducting Auctions under these Rules;
“Availability”	means in relation to any Unit in any period of time, the availability of that Unit during that period of time calculated in accordance with Rule E7.4;
“Balancing and Settlement Code”	means the code of that name established under the National Grid Transmission Licence;
“Balancing Mechanism”	means the arrangements established under the Balancing and Settlement Code and RTE Settlement Arrangements to enable the respective Transmission System Operators to ensure the minute by minute balance of supply and demand;
“Bid”	means in relation to a User, in relation to an Auction (or a Tender as the case may be), the User’s offer to buy Units in that Auction (or Blocks in that Tender) made in accordance with these Rules;
“Bidding Period”	means, in relation to an Auction, the time during which Bids may validly be submitted in that Auction as specified in these Rules;
“Block”	means a block of Units offered for sale in a Tender by the Operators. Each Block comprises Units in the quantity specified in the relevant Tender Specification;
“Block Holder”	means a User who has been allocated Blocks of Units under these Rules, any of which at the relevant time have not yet reached the end of their Validity Period;
“Block Price”	has the meaning given to it in Rule B5.2;
“Business Day”	means a week-day on which banks in both London and Paris are open for domestic business and for dealings in sterling and euro deposits;
“Business Rules”	means the rules for day to day use of Interconnector Capacity in Schedule 4;

“Capacity Shortage”	has the meaning given to it in Rule E6.3;
“Capacity Subcontracting Arrangement”	means any arrangement between a Unit Holder and another person under which the Unit Holder allows the person, either directly or indirectly, to use the Interconnector Capacity of the Unit Holder;
“CAR Notice”	has the meaning given to it in Rule E4.2;
“Competent Authority”	means the Secretary of State (as defined in the Governing Act), the GB Regulator, the French 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, the United Kingdom, France or the European Union;
“Confidential Information”	means any item of information, regardless of its form, disclosed by the Operators or a User to the other under or in connection with these Rules, other than any item of information which: <ul style="list-style-type: none"> (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;
“Confirmation”	means in relation to an Auction or a Tender, the confirmation of the result of the Auction or Tender given by the Operators under any of Rules C2.11, D3.10, D4.11 or D7.9 (as the case may be);
“Contract Day”	in relation to a Contract Day D, means a period of 24 hours commencing at 23:00 hours on day D-1;
“Contract Day Availability”	has the meaning given to it in Rule E7.3;
“Contract Year”	means the period from 05:00 hours on 1 April 2001 to immediately before 23:00 hours on 31 March 2002 in the case of the first Contract Year and a period of 12 months from 23:00 hours on 31 March 2002 and each anniversary of that date in the case of subsequent Contract Years. Subsequent Contract Years are referred to as “second”, “third” and so on;

“Control, Controlling or Controlled”	means, in respect to any legal entity, either the direct or the indirect ownership of 51% of the voting rights or the right to appoint the majority of the members of the managing body;
“Credit Cover”	means security for payment of amounts owed under these Rules provided under Rule B7;
“Current Winning Bid”	means in any Tender or Auction, a Bid which would be accepted by the Operators, assuming the Bid is not disallowed because it causes the User to exceed its Agreed Credit Limit and assuming that no higher Bids are later submitted in the Tender or Auction (as the case may be);
“Curtail”	means to reduce a Unit Holder’s ICE in accordance with Rule E6 and “Curtailment” has a corresponding meaning;
“Curtailment Factor”	means, in relation to a Capacity Shortage, the factor calculated under Rule E6.4;
“Curtailment Quantity”	means, in relation to a Capacity Shortage, the quantity calculated under Rule E6.3;
“CUSC”	means the Connection and Use of System Code established under the National Grid Transmission Licence;
“Daily Auction”	means any Auction of Daily Units;
“Daily Unit”	means a Unit with a Validity Period of one Contract Day or shorter, as specified in the relevant Auction Specification;
“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 Operators calculated using the rules in Schedule 5;
“Deposit Account”	means a deposit account at a bank that satisfies the criteria outlined in the definition of Letter of Credit where: <ul style="list-style-type: none"> (a) the account is in the joint name of one or both of the Operators and the User; (b) interest on the amount deposited in the account accrues for the benefit of the User, after deduction for any tax or bank charges; (c) the Operators and the User have irrevocably instructed the bank to make a payment against the sole signature of the Operators jointly; (d) 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
	(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 Operators;
“Disclosed Information”	means all information and data provided by or on behalf of the Operators to Users and Applicants in connection with the Rules including the Application Pack and the IFA 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;
“EDF”	means Electricité de France, Service National, a public entity established under French law;
“Eligibility Conditions”	means the conditions set out in Rule B2.1 and Rule E8.1;
“Eligibility Notice”	has the meaning given to it in Rule B2.3;
“Energy Account”	means in relation to a User: <ul style="list-style-type: none"> (a) the User’s Production Interconnector BM Unit and Consumption Interconnector BM Units under the Balancing and Settlement Code; and (b) the account established under an Accord de participation en qualité de Responsable d’Equilibre linked to that User for the purposes of the RTE Settlement Arrangements to which the User’s <i>Programme d’importation à Mandarins</i> and <i>Programme d’exportation à Mandarins</i> are submitted, both as specified by the User in its Standing Data;
“Event of Default”	has the meaning given to it in Rule F6.3;
“Expert”	in relation to a Technical Dispute, means the person appointed to resolve that Dispute under Schedule 6;
“Force Majeure”	means in relation to the Operator or a User, any event or circumstance which is beyond the reasonable control of that person and which results in or causes the failure of that person to perform any of its obligations under these Rules including strike, lockout or other industrial disturbance, act of the public enemy, war (declared or undeclared), threat of war, terrorist act, blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, lightning, fire, storm, flood, earthquake, drought, unusually heavy or prolonged accumulation of snow or ice, explosion, fault or failure of plant and apparatus (which could not have been prevented by the conduct of a Reasonable and

	Prudent Operator) and acts of government (<i>Fait du Prince</i>) such as but not limited to governmental restraint and application of any Applicable Law;
“Forced Outage”	means any Outage of which notice was given after the publication of the Auction Specification for the Daily Auction for the Contract Day on which the Outage occurs;
“French Electricity Law”	means Law no. 2000-108 of 10 February 2000 as amended by the Law no. 2003-08 of 3 January 2003 relating to the modernisation and development of public electricity services (<i>Loi no 2000-108 du 10 février 2000 relative à la modernisation et au développement du service public de l’électricité</i>);
“French Regulator”	means the <i>Commission de Régulation de l’Electricité</i> established under the French Electricity Law;
“Gate Closure”	means in relation to a Settlement Period, the last time at which physical and contract notifications can be made in relation to that Settlement Period;
“GB Regulator”	means the Gas and Electricity Markets Authority, as established under the Governing Act;
“Go-Live Date”	has the meaning given to it in the Balancing and Settlement Code;
“Governing Act”	means the Electricity Act 1989 as amended and supplemented by the Utilities Act 2000;
“Guide Price”	means a reference point for Users published by the Operators exclusive of Taxes;
“ICE” or “Interconnector Capacity Entitlement”	has the meaning given to it in Rule E2.2.1;
“IFA Day”	means, in relation to Contract Day D, the period commencing at the beginning of Contract Day D and ending 05:00 hrs on Contract Day D +1;
“IFA User Agreement”	means an agreement between the Operators and a User in or substantially in the form set out in Schedule 2;
“IFA User Guide”	means the guide to these Rules published by the Operators and designated as such by them from time to time;
“Insolvency Event”	means in relation to a User, any of the following events: <ul style="list-style-type: none"> (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 (not including a <i>jugement d'ouverture d'une procédure de redressement judiciaire</i> under Articles L.620-1 et seq of the French Commercial Code) has been made by a competent court in France;
	(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) a User enters into any scheme of arrangement (other than for the purpose of reconstruction or amalgamation upon terms and within such period as may previously have been approved in writing by the Operators); or
	(e) anything analogous to, or having a substantially similar effect to, any of the circumstances specified in paragraphs (a) to (d) above occurs in relation to the User in any jurisdiction;
“Intellectual Property”	means patents, trade marks, design rights, copyright, database rights, know-how (whether registrable or otherwise), information (whether patented or not), applications for any of the foregoing, and other similar rights or obligations, whether registrable or not, in any country (including the United Kingdom and France);
“Interconnector”	means the interconnection of the National Grid Transmission System with the RTE Transmission System by the National Grid Interconnector Circuits and the RTE Interconnector Circuits;
“Interconnector Capability”	means the capability (in MW) of the Interconnector to deliver electrical energy to the point of connection (at mid-Channel) between the National Grid Interconnector Circuits and the RTE Interconnector Circuits taking into account the effects of any event or circumstance affecting such capability at any relevant time, including events or circumstances on the National Grid Transmission System or the RTE Transmission System or disconnection or de-energisation of the Interconnector from either of those transmission systems;
“Interconnector Capacity”	means in any Contract Year, the nominal level of Interconnector Capability of the Interconnector Circuits as determined by the Operators and notified to Users;
“Interconnector Gate Closure”	means, in relation to any Settlement Period those listed in Appendix 1 to Schedule 4;
“Intra-day Transfer Limit”	means the values expressed in MW’s and published from time to time by the Operators for each Settlement

	Period;
“Letter of Credit”	means an irrevocable stand by letter of credit in the currency in which the User intends to pay for its Units in such form as the Operators may reasonably approve issued for the account of the User in favour of the Operators, allowing for partial drawings and providing for the payment to the Operators forthwith on demand by any United Kingdom clearing bank or banks or any other bank or banks which has (have) a long term debt rating of not less than A by Standard and Poor’s Corporation or by Moody’s Investors Service Inc. or such other bank or banks as the Operators may approve, and which shall be available for payment at a branch of the issuing bank as specified by the issuing bank, provided that the branch so specified shall be located within the boundaries of the mainland of Great Britain;
“Licence Standards”	means those standards set out in or referred to in the National Grid Transmission Licence;
“Loss Factor”	has the meaning given to it in Schedule 5;
“Lost Unit”	has the meaning given to in Rule E4.7.2(c);
“Mid-Channel Nomination”	has the meaning given to in Rule E2.3.1 and E2.3.2;
“National Grid”	means National Grid plc, a company incorporated in England and Wales;
“National Grid Interconnector Circuits”	means the switching bays and sub-marine cables and other plant and apparatus owned by National Grid connecting the National Grid Transmission System to the RTE Interconnector Circuits commencing at and including the switching bays at the sub-station known as Sellindge 400, as such switching bays and sub-marine cables and other plant, apparatus and meters are replaced, modified, developed or added to from time to time;
“National Grid Transmission Licence”	means the licence granted by the Secretary of State to National Grid 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;
“National Grid Transmission System”	means the system comprising electric lines owned or operated by National Grid for the transmission of electricity as defined in the NGET Grid Code;
“NGET”	means National Grid Electricity Transmission plc (trading as National Grid), a company incorporated in England and Wales;
“NGET Grid Code”	means the document referred to as the Grid Code in the National Grid Transmission Licence;

“On Demand Bond”	means an irrevocable and unconditional bond in the currency in which the User intends to pay for its Units in such form as the Operators may reasonably approve issued for the account of the User in favour of the Operators, allowing for partial drawings and providing for the payment to the Operators forthwith on demand by any United Kingdom or French clearing bank or banks or any other bank or banks which has (have) a long term debt rating of not less than A by Standard and Poor’s Corporation or by Moody’s Investors Service Inc. or such other bank or banks as the Operators may approve, and which shall be available for payment at a branch of the issuing bank as specified by the issuing bank, provided that the branch so specified shall be located within the boundaries of the mainland of Great Britain or mainland France (“ <i>France continentale</i> ”);
“Operators”	means National Grid and RTE, acting jointly;
“Outage”	means any reduction of Interconnector Capability in either direction below the Interconnector Capacity prevailing at that time and (except where the context requires otherwise) includes Forced Outages and Trips;
“Periodic Auction”	means any Auction of Periodic Units;
“Periodic Unit”	means a Unit with a Validity Period longer than one Contract Day but shorter than one Contract Year;
“Periodic Unit Holder”	means a User who has been allocated Periodic Units under the Rules, any of which at the relevant time have not yet reached the end of their Validity Period;
“Reallocation Period”	means the period of time coinciding with the Validity Period of Units in a forthcoming Auction specified as such by a User in a Reallocation Request;
“Reallocation Request”	means a written notice from a Unit Holder to the Operators requesting them to reallocate the Unit Holder’s rights in respect of its Units during the Reallocation Period;
“Reallocation Unit”	has the meaning given to it in Rule E3.7;
“Reasonable and Prudent Operator”	an operator of an electricity transmission undertaking in good faith performing its obligations and in the conduct of its undertaking exercising that degree of skill, diligence, prudence and foresight which would reasonably be expected from a skilled and experienced operator with sufficient financial resources complying with the Applicable Law and any reference to the standard of a Reasonable and Prudent Operator shall be a reference to such degree of skill, diligence, prudence and foresight;

“Reassignment Notice”	has the meaning given to it in Rule E9.1.1(a);
“Reassignment Period”	has the meaning given to it in Rule E9.1.1(d);
“Recipient”	means, in relation to an item of Confidential Information, the person to whom it is disclosed;
“Reconciliation Payment”	mean in relation to a Unit in relation to a Reconciliation Period, the payment calculated under Rule E7.5 or the rebate calculated under Rule E7.6, as the case may be;
“Reconciliation Period”	means in relation to: <ul style="list-style-type: none"> (a) a Unit with a Validity Period of one Contract Year or less, the Validity Period; and (b) other Units, each Contract Year in the Validity Period;
“Règles d'Accès au Réseau Public de Transport Français pour des Importations et des Exportations”	means the <i>Règles d'Accès au Réseau Public de Transport Français pour des Importations et des Exportations</i> established by RTE in the version published on RTE’s web site from time to time. These rules define the conditions to access RTE Transmission System to do exports and imports;
“Related Party”	means in relation to any individual or legal entity, any other legal entity which is under common Control with such legal entity, any other individual or legal entity Controlling such legal entity, or any other legal entity Controlled by such individual or legal entity;
“Relevant Contract Day”	has the meaning given to it in Rule E4.3.1(b);
“Relevant Unit Holder”	has the meaning given to it in Rule E3.11;
“Reserve Price”	means, in relation to any Auction or Tender, the published or unpublished reserve price (if any) determined by the Operators exclusive of Taxes;
“RTE” or “Réseau de Transport d’Electricité”	means RTE EDF Transport, trading as “RTE” or “Réseau de Transport d’Electricité”, an affiliate of EDF;
“RTE Grid Code”	means the rules, including technical rules, establishing the minimum technical design and operation requirements for connection to the RTE Transmission System established or to be established under Article 14 of the French Electricity Law;
“RTE Interconnector Circuits”	means the switching bays and sub-marine cables and the other plant and apparatus owned by RTE connecting the RTE Transmission System to the National Grid Interconnector Circuits commencing at and including the switching bays at the sub-station known as Les

Mandarins 400, as such switching bays and sub-marine cables and other plant, apparatus and meters are replaced, modified, developed or added to from time to time;

“RTE Settlement Arrangements”	means the arrangements established or to be established under or in accordance with Article 15 of the French Electricity Law including operational planning, system services and payments to and from Users of the RTE Transmission System. As at the date of this agreement, the RTE Settlement Arrangements include <i>Accords de participation en qualité de Responsable d’Equilibre</i> ;
“RTE Transmission Charge”	means charges made by RTE under an <i>Accord de Participation</i> ;
“RTE Transmission System”	the system of electric lines operated by RTE under concession for the transmission of electricity, as defined in the French Act, the Cahier des Charges de Concession as defined in the amendment dated 10 April 1995 of the concession rules dated 27 November 1958 or as subsequently amended by law, but excluding, for the purposes of this agreement, the RTE Interconnector Circuits;
“Rules”	means these IFA Access Rules, as amended from time to time;
“Settlement Period”	means each half-hour period coinciding with Settlement Periods as defined in the Balancing and Settlement Code;
“Standing Data”	means, in relation to a User, the data and other information to be given by the User to the Operators described in Schedule 3;
“Suspension Event”	means, in relation to a User, any of the following events: <ul style="list-style-type: none">(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 National Grid or RTE to cease or procure the cessation of the transport of power across the Interconnector by or on behalf of the User;
“Target Availability”	means in relation to a Unit, the Operator’s estimate of the Availability of the Unit during the Reconciliation Period for that Unit, as specified in the Tender Specification or Auction Specification (as the case may be) applicable to that Unit;

“Taxes”	means all forms of taxation and statutory, governmental, state, federal, provincial, local government or municipal charges, duties, imposts, contributions, levies, withholdings or liabilities wherever chargeable and of any jurisdiction and any penalty, fine, surcharge, interest, charges or costs payable in connection with any Taxes;
“Technical Dispute”	means any dispute in relation to Parts A, B, C, D or E of these Rules;
“Tender”	means the process for selling Blocks to Users set out in Section C of these Rules;
“Tender Specification”	means in relation to a Tender, the specification for that Tender published by the Operators under Rule C2.6;
“Transfer”	means the transmission of electricity across the Interconnector and “Transferring” has a corresponding meaning;
“Transmission Charge Pass Through Charge”	means the charge, specified by National Grid from time to time, in pence per Unit per Contract Day payable by Unit Holders, reflecting a pass through by National Grid of the charges paid by it for connection of the Interconnector to the National Grid Transmission System and use of the National Grid Transmission System, (including those changes applicable to the Interconnector Error Administrator as defined in the Balancing and Settlement Code) as calculated under the statement made by National Grid under Condition 10 of the National Grid Transmission Licence;
“Transmission System Operator”	means each of National Grid in its capacity as operator of the National Grid Transmission System and RTE in its capacity as operator of the RTE Transmission System;
“Trip”	means any unforeseen event which results in a reduction of Interconnector Capability in either direction below the Interconnector Capacity prevailing at that time;
“Unit”	means the right to an ICE of up to 1MW (subject to curtailment and these Rules) in a particular direction and during the Validity 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 or Blocks of Units under these Rules, any of which at the relevant time have not yet reached the end of their Validity Period and includes Annual Unit Holders, Block Holders and Periodic Unit Holders and, for the purposes of the Rules specified in Rule E9.3.1(a), Users taking a reassignment of capacity;

“Unit Price”	has the meaning given to it in Rule B5.3;
“Use of System Interconnector Offer & Confirmation Notice”	means an agreement (including a Framework Agreement as defined in CUSC) between National Grid and a User in the form agreed by National Grid setting out the terms on which the User may use the National Grid Transmission System in relation to Transfers;
“User”	means any person who for the time being is a party to an IFA User Agreement;
“User Systems”	means, in relation to a User, the hardware, software and other systems needed by the User to exercise its rights and perform its obligations under these Rules, including communicating electronically with the Operators, participating in Auctions and using Interconnector Capacity; and
“Validity Period”	means, in relation to a Unit or Block of Units, the period of time in respect of which a User who acquires the Unit or Block of Units may validly submit Mid-Channel Nominations.

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) any reference to a day, month or year is to be construed as a reference to a calendar day, month or year as the case may be;
- (i) a reference to time is a reference to British Standard Time unless (otherwise specified);
- (j) the symbol * requires multiplication to be effected;
- (k) where the Operators are required to publish any information under these Rules, they may do so by making the information or data available on their respective websites or via the Auction System;
- (l) any reference to a contract, *contrat* or agreement includes any in the form of a *protocole* between RTE and EDF under Article 23 of the French Electricity Law;
- (m) an obligation to use reasonable endeavours shall be construed as an *obligation de moyens*; and
- (n) in the English version of these Rules, words in French in italics are to be interpreted in accordance with their meaning in French and in the French version of these Rules, words in English in italics are to be interpreted in accordance with their meaning in English.

Schedule 2: Form of IFA User Agreement

THIS IFA USER AGREEMENT is made the day of 200

BETWEEN:

- (1) **NATIONAL GRID ELECTRICITY TRANSMISSION plc** whose registered office is at 1-3 Strand, London WC2 5EH (“National Grid”);
- (2) **RTE EDF Transport**, Tour Initiale, 1 Terrasse Bellini TSA 41000 92919 Paris la Défense, an affiliate of **ELECTRICITE DE FRANCE**, a public limited company having its registered address in Paris (“RTE” or “Réseau de Transport d’Electricité”); and
- (3) **THE USER** named in Item 1 of the schedule whose registered office is at the address set out in Item 1 of the schedule (“User”)

RECITALS:

- (A) National Grid and RTE are the operators of the Interconnector and have established the IFA Access Rules governing the relationship between the Operators and the Users and more particularly setting out the arrangements for selling rights to use the Interconnector and the terms of use.
- (B) The User wishes to buy rights to use the Interconnector under the terms of the IFA Access Rules.
- (C) The Parties are entering into this Agreement for the purposes of giving effect to and binding themselves to the IFA Access Rules in relation to the User’s acquisition and use of rights to use the Interconnector.

NOW IT IS HEREBY AGREED as follows:

1. Definitions and interpretation

1.1 In this Agreement including the recitals, capitalised words and phrases have the meaning given to them below except where the context requires otherwise:

“Agreement” means this IFA User Agreement;

“IFA Access Rules”	means the rules of that name established by the Operators providing for the sale and use of rights to use the Interconnector as amended from time to time, the current version of which has been made available to the Users;
“IFA User Guide”	means the guide to the IFA Access Rules, published by the Operators and designated as such by them from time to time;
“Interconnector”	means the 2,000MW DC interconnector between Sellindge in England and Les Mandarins in France;
“Operators”	means RTE and National Grid; and
“Party”	means each of the Operators and the User.

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

2. IFA Access Rules

2.1 The IFA Access Rules are hereby given effect between and made binding upon each Party with effect from the date of execution of this Agreement by both Parties.

2.2 With effect from the date of execution of this Agreement by both Parties, each Party undertakes to the other Party to comply with and perform its obligations in accordance with and subject to the IFA Access Rules.

3. Warranties

3.1 The User warrants to the Operators at the time of entering into this Agreement that:

- (a) the information and data provided by the User to the Operators in its Application Form (as defined in the IFA 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 IFA Access Rules infringe any anti-trust or competition legislation or any undertaking or other obligation arising under any anti-trust 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 IFA Access Rules and all necessary action has been taken on its part to authorise
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entry into and performance of this Agreement and rights under the IFA Access Rules;

- (e) this Agreement and rights acquired under the IFA 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 Operators including but not limited to the IFA Access Rules and the IFA User Guide;
- (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.

3.2 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 Operators of that fact and shall provide full details.

4. Notices

4.1 All notices and other communications between the Parties under or in connection with this Agreement and the IFA Access Rules must be given in accordance with the IFA Access Rules.

4.2 The address and contact details for the Operators are set out in Item 3 of the Schedule below. The address and contact details for the User are set out in Item 2 of the Schedule.

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

5. Termination

This Agreement may be terminated only as provided for in the IFA Access Rules.

6. General

6.1 This Agreement and the IFA Access Rules are governed by and construed in accordance with French law.

6.2 Both this Agreement and the IFA Access Rules will be produced in the English and French languages. The working language of this Agreement and the IFA Access Rules is English and in the event of inconsistency between the English and French versions, the English language version shall prevail.

6.3 This Agreement and the IFA Access Rules must be read and construed as one document. References in the IFA Access Rules to the IFA User Agreement must be read and construed as references to the IFA Access Rules and this Agreement.

- 6.4 If any provision of this Agreement or the IFA Access Rules is declared invalid, unenforceable or illegal by the courts of any jurisdiction to which it is subject or pursuant to arbitration under the IFA Access Rules or by order of any Competent Authority (as defined in the IFA Access Rules), such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of the IFA Access Rules and this Agreement which shall continue in full force and effect notwithstanding such invalidity, unenforceability or illegality.

SIGNED by the Parties as an Agreement.

The Schedule

Item 1: The User

Name:	<i>[Insert]</i>
Registered address:	<i>[Insert]</i>

Item 2: Notices to the User

Address for notices:	<i>[Insert]</i>
Facsimile:	<i>[Insert]</i>
Telephone:	<i>[Insert]</i>
Attention:	<i>[Insert]</i>

Item 3: Notices to the Operators

Réseau de Transport d'Electricité Centre National d'Exploitation du Système La Rotonde 204 boulevard Anatole France 93206 Saint Denis Cedex FRANCE Telephone: +33 (0) 1 41 66 72 53 Fax number: +33 (0) 1 41 66 72 65 Contact: François Boulet	National Grid plc Interconnectors Business National Grid House Warwick Technology Park Gallows Hill Warwick CV34 6DA ENGLAND Telephone: + 44 (0)1926 655531 Fax number: + 44 (0)1926 656581 Contact: Commercial Manager, Interconnectors
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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. Facsimile number.
6. Commercial contact person and their contact details.
7. Operational contact person and their contact details.
8. Invoicing contact person and their contact details.
9. Names, positions and specimen signatures for representatives of the User authorised to submit Bids on behalf of the User in Tenders and Auctions.
10. Identification of the User's Production Interconnector BM Unit and Consumption Interconnector BM Unit under the Balancing and Settlement Code.
11. Identification of the *Accord de Participation* of the User with RTE.
12. E-mail address for operational communications.

Schedule 4: Business Rules for Use of Interconnector Capacity

1. Introduction

1.1 This Schedule 4 applies to:

- (a) calculation by the Operators of the Settlement Period values of the ICE for each User in each direction;
- (b) submission by each User of Mid-Channel Nominations in each direction for each IFA Day; and
- (c) within day (Intra-day) changes to Mid-Channel Nominations in each direction for each Contract Day.

1.2 These Business Rules for use of Interconnector Capacity are expected to be revised to reflect forthcoming changes in the Operators' systems, as the Operators develop experience of the operational issues raised by multiple Users of the Interconnector and to reflect mechanisms for accepting bids and offers from Users.

1.3 Users should note that in addition to these Business Rules, in using the Interconnector they must comply with the NGET Grid Code, the RTE Grid Code and the User's *Accord de Participation* with RTE.

2. Energy Accounts

2.1 Each User must identify its Production and Consumption Interconnector BM Units under the BSC and the *Accord de Participation* under the RTE Settlement Arrangements in its Standing Data.

2.2 Each User may only have one of each of the types of Energy Account referred to above at any time.

3. Communications

3.1 Communications required under these Business Rules will be made via an electronic data link between the User and the Transmission System Operators, of the type required by the Transmission System Operators from time to time, except for those expressly required to be made via the Auction System.

4. ICE

4.1 The Operators will notify each User of the User's ICE for each Contract Day in each direction in accordance with Rule E2.2.2 and update the ICE in accordance

with that Rule.

5. Form of Mid-Channel Nomination

- 5.1 Each Mid-Channel Nomination must be sent in a form using the conventions in the NGET Grid Code and will be subject to data validation and consistency checking by the Operators. Details of the format for Mid-Channel Nominations and the validation and consistency checks can be provided on request.
- 5.2 Each Settlement Period value in a Mid-Channel Nomination will be taken to represent the value of the requested Transfer at mid-Channel.
- 5.3 For each ICE of the User in each direction, the Mid-Channel Nomination is a series of MW figures and associated Settlement Periods, making up a Settlement Period by Settlement Period schedule of requested Transfers at mid-Channel.
- 5.4 For each Settlement Period, the first “from time” should be at the start of the Settlement Period and the last “to time” should be at the end of the Settlement Period. The MW values at the “from time” and “to time” must be the same.

6. Day-Ahead Mid-Channel Nominations

- 6.1 By 11:00hrs on Contract Day D-1, each User must submit its first Mid-Channel Nomination for the IFA Day that includes Contract Day D. Failure to submit Mid-Channel Nominations in accordance with this paragraph is a breach for the purposes of Rule F6.4(f).
- 6.2 In default of a first Mid-Channel Nomination by 11:00hrs which is valid in accordance with paragraph 6.6(a) the User will be taken to have submitted a Mid-Channel Nomination in which all Settlement Period values are zero.
- 6.3 A User may, by resubmitting one or more Settlement Period values in its Mid-Channel Nomination, change any Mid-Channel Nomination value for any Settlement Period during a Contract Day at any time up to 13:00hrs on Contract Day D-1.
- 6.4 A separate Mid-Channel Nomination must be submitted for each of the User’s ICEs (if the User has an ICE in both directions). Either or both values in any half hour may be zero and Users must not submit non-zero values in both directions for the same Settlement Period
- 6.5 The same Mid-Channel Nomination for each ICE must be submitted to each Operator simultaneously. If there is any difference between the Settlement Period values submitted to the Operators, the Operators will use the values submitted to RTE.
- 6.6 Each User must ensure that for each Settlement Period:
 - (a) its Mid-Channel Nomination in any direction does not exceed its ICE;

- (b) the values of its Physical Notifications submitted under Section R7.2.2 of the Balancing and Settlement Code do not exceed the value of its ICE and, are consistent with its Mid-Channel Nomination, for that Settlement Period; and
- (c) except with the consent of the Operators, it does not change the values of its Physical Notification for a Settlement Period after Interconnector Gate Closure for that Settlement Period.

Any User who fails to comply with paragraph 6.6(b) or 6.6(c) (or both) must indemnify the Operators on demand against any cost, payment, liability or loss the Operators (jointly or severally) may suffer or incur in connection with the User's failure to comply.

- 6.7 Each User must ensure that the difference between one Settlement Period value and the next immediate Settlement Period value (including from the end of one Contract Day to the beginning of the next) whether an increase or a decrease, does not exceed 750MW.

7. Intra-day Mid-Channel Nominations

- 7.1 A User may, by resubmitting one or more Settlement Period values in its Mid-Channel Nomination, request a change to its Day-Ahead Mid-Channel Nomination value for any Settlement Period during a Contract Day in accordance with the timetable published at Appendix 1 to this Schedule 4.
- 7.2 A separate Intra-day Mid-Channel Nomination may be submitted for each of the User's ICEs (if the User has an ICE in both directions). Either or both values in any half hour may be zero and Users must not submit non-zero values in both directions for the same Settlement Period.
- 7.3 Each User must ensure that for each Settlement Period:
- (a) its Mid-Channel Nomination in any direction does not exceed its ICE;
 - (b) the values of its Physical Notifications submitted under Section R7.2.2 of the Balancing and Settlement Code do not exceed the value of its ICE and, are consistent with its Mid-Channel Nomination, for that Settlement Period; and
 - (c) except with the consent of the Operators, it does not change the values of its Physical Notification for a Settlement Period after Interconnector Gate Closure for that Settlement Period.
- 7.4 Any User who fails to comply with paragraph 7.3(b) or 7.3(c) (or both) must indemnify the Operators on demand against any cost, payment, liability or loss the Operators (jointly or severally) may suffer or incur in connection with the User's failure to comply.

8. Intra-day Mid-Channel Nomination Process

- 8.1 By 18:30hrs on Contract Day D-1, the Operators will publish the maximum and minimum Intra-day Transfer Limits for changes in each Direction for each Settlement Period for the Contract Day D. The Intra-day Transfer Limits must encompass the sum of the Day-Ahead Mid-Channel Nominations for each Settlement Period.
- 8.2 The Operators reserve the right to review and revise the Intra-day Transfer Limits throughout Contract Day D for System Security requirements. Any such revisions shall not be retrospective and shall take into account any previously accepted Mid-Channel Nominations. To be applied at an Interconnector Gate Closure, the Operators will publish the revised Intra-day Transfer Limits no later than 30 minutes before the given Interconnector Gate Closure.
- 8.3 Subject to Schedule 4 paragraph 9 an Intra-day Mid-Channel Nomination for each ICE must be submitted to both National Grid and RTE. If there is any difference between the Settlement Period values submitted to the Operators, the Operators will use the values submitted to RTE.
- 8.4 After each Interconnector Gate Closure, the Operators will consider revised Mid-Channel Nominations that they have received since the previous Interconnector Gate Closure. These revised Mid-Channel Nominations may be accepted in whole, in part or rejected in relation to the Intra-day Transfer Limits following the process described in this paragraph 8.
- 8.5 Following each Interconnector Gate Closure the Operators will consider the net effect of all Intra-day Mid-Channel Nominations for each Settlement Period;
- (a) if, the sum of the revised MCNs is within the Intra-day Transfer Limit for the Settlement Period in question then all MCN's shall be accepted.
- (b) if the sum of revised MCNs results in either of the Intra-day Transfer Limits being exceeded then the MCN's in that direction shall be adjusted on a pro-rata basis in accordance with paragraph 8.6. This direction is called the constrained direction.
- 8.6 The formulae take into account the direction of the change the User has requested in his revised MCNs.

- (a) For Users for whom ΔMCN is positive, the Acceptance for any direction *dir* for the relevant Settlement Period is given by the following formula:

$$Acceptance^{dir} = \max(0; A^{dir} - A^{otherdir})$$

$$\text{where: } A^{dir} = MCN_{old}^{dir} + AF * (MCN_{rev}^{dir} - MCN_{old}^{dir})$$

$$\text{and: } AF = \frac{Limit^{const} - \sum \min(0; \Delta MCN)}{\sum \max(0; \Delta MCN)}$$

(b) For the other Users, the Acceptances are equal to the revised MCNs.

In this rule:

All MCN values are absolute, the exponents give the direction and the indexes give the status of the MCN (old or revised);

dir and *otherdir* are interchangeable and can refer to either direction i.e. constrained and opposite;

Σ means the sum on all Users;

MCN_{old}^{const} means the last Mid-Channel Nomination accepted by the Operators for the constrained direction for the relevant User.

MCN_{old}^{opp} means the last Mid-Channel Nomination accepted by the Operators for the direction opposite to the constrained one for the relevant User.

MCN_{rev}^{const} means the revised Mid-Channel Nomination submitted to the Operators for the constrained direction by the relevant User.

MCN_{rev}^{opp} means the last Mid-Channel Nomination submitted to the Operators for the direction opposite to the constrained one by the relevant User.

$$\Delta MCN = \left(MCN_{rev}^{const} - MCN_{old}^{const} - MCN_{rev}^{opp} + MCN_{old}^{opp} \right)$$

$Limit^{const}$ is the number of MWs available for changes in the constrained direction and is defined as the difference between the sum of all already accepted MCNs and the Intra-day Transfer Limit relevant for changes in that direction.

- 8.7 To the extent that the calculation under paragraph 8.6 results in an Acceptance value for a User that is not a whole number, the Operators will round the result down to the nearest whole number.
- 8.8 The Operators will notify an Acceptance to any User who has submitted an Intra-day Mid-Channel Nomination within 30 minutes after the given Interconnector Gate Closure. Acceptances are in the same format as MCNs.
- 8.9 As soon as an Acceptance is sent by the Operators to a User for a Settlement Period, the revised Mid-Channel Nomination is deemed to be curtailed down to the Acceptance level for the given Settlement Periods for which the Interconnector Gate has closed.
- 8.10 Each User must ensure that for each Settlement Period:
- (a) the values of its Physical Notifications submitted under Section R7.2.2 of the Balancing and Settlement Code do not exceed the value of its ICE and, are consistent with its Mid-Channel Nomination accepted in accordance with paragraph 8.7, for that Settlement Period; and
-

- (b) except with the consent of the Operators, it does not change the values of its Physical Notification for a Settlement Period after Interconnector Gate Closure plus 30 minutes for that Settlement Period.

8.11 If the either RTE's or National Grid's nomination system fails, and in the reasonable opinion of the Operators it is not practical to operate the treatment of Intra-day Mid-Channel Nominations electronically as described in this clause 8, the Operators may suspend the intra-day operations for one or more Interconnector Gate Closures. If such a situation occurs, the Operators will inform the Users as soon as practicable and will endeavour to minimise the duration of the suspension.

9. Bids and Offers

9.1 The French Balancing Mechanism allows RTE to accept bids and offers for Contract Day D from 15:00hrs on Contract Day D-1 to the last Interconnector Gate Closure on the Contract Day D as defined in Appendix 1 to this Schedule 4. If RTE has accepted a bid or an offer from a User who is participating to French Balancing Mechanism, this User must submit Intra-day Mid-Channel Nominations in accordance with paragraph 9.2.

9.2 Notwithstanding any other rule described in this Schedule 4, where a Bid or Offer is accepted by RTE, the User will be deemed to have submitted a revised MCN to RTE. The User must however, ensure that a revised MCN is submitted to National Grid which is equal to the MCN deemed to have been submitted to RTE.

Schedule 4: Appendix 1

Intra-day Gate Number	Time	Period From	Period To
1	19:00 D-1	23:00 D-1	23:00 D
2	02:00 D	05:00 D	23:00 D
3	07:00 D	10:00 D	23:00 D
4	10:00 D	13:00 D	23:00 D
5	13:00 D	16:00 D	23:00 D
6	16:00 D	19:00 D	23:00 D

Times quoted are UK local time

Schedule 5: Deemed Metered Volume Allocation

1. Introduction

The Operators will calculate the Deemed Metered Volumes for each User for each direction for each Settlement Period in each Contract Day and allocate those amounts to the Energy Accounts of Users in accordance with this Schedule 5.

2. Deemed Metered Volumes

2.1 Subject to paragraph 2.2, for each Settlement Period, the Deemed Metered Volume of each User for a direction is the lesser of:

- (a) the ICE of the User for that Settlement Period integrated over the Settlement Period to give a kWh figure; and
- (b) the Mid-Channel Nomination of that User for that Settlement Period integrated over the Settlement Period to give a kWh figure.

2.2 If a notification is given by the Operators to Users that the Interconnector Capability is reduced, after the Interconnector Gate Closure for a specified Settlement Period, the Operators will endeavour to reduce the impact of that reduction in respect of that Settlement Period in accordance with paragraph 2.3.

2.3 In the circumstances described in paragraph 2.2, for each direction the ICE of each User for that Settlement Period will be curtailed according to Rule E6 and the Deemed Metered Volume of each User will be calculated using the following algorithm:

(a) if, for a given direction dir ,
$$\left[\sum_{dir} MCN - \sum_{opp} MCN \right] \leq IC_{rev}$$

then for that direction $DMV = MCN$.

(b) if, for a given direction dir ,
$$\left[\sum_{dir} MCN - \sum_{opp} MCN \right] > IC_{rev}$$

then for that direction the Deemed Metered Volume of each User will be calculated using the following formula:

$$DMV = \min(ICE_{rev}, MCN) + CF * \max \{0, (MCN - ICE_{rev})\}$$

where CF is:

$$\frac{\min(IC_{rev}, \sum_{dir} MCN) + \sum_{opp} MCN - \sum_{dir} \min(ICE_{rev}, MCN)}{\sum_{dir} \max\{(MCN - ICE_{rev}), 0\}}$$

In this rule:

\sum_{dir} means the summation over all Users with an ICE>0 in that Settlement Period in the considered direction;

\sum_{opp} means the summation over all Users with an ICE>0 in that Settlement Period in the opposite direction;

MCN means the relevant Settlement Period values in Mid-Channel Nominations;

ICE_{rev} means the relevant Settlement Period values in the ICE of each User after curtailment in accordance with Rule E6; and

IC_{rev} means the reduced Interconnector Capability.

3. Losses

3.1 The physical flow on the Interconnector is subject to losses. The Operators will apply a Loss Factor (“LF”) to calculate each User’s share of the losses. The Loss Factor is symmetrical between mid-Channel and either end of the Interconnector (Sellindge and Les Mandarins).

3.2 The Loss Factor to be applied by the Operators is 1.17%. This Loss Factor is used to calculate Deemed Metered Values in accordance with paragraph 5.

4. Adjustment for losses

4.1 For the purpose of the Balancing and Settlement Code, the Operators will send to the SAA (as defined in that Code) a program called BM Unit Metered Volume expressed in kWh at Sellindge in half-hourly points and calculated by this formula:

(a) for a BM Unit in the direction from France to England:

$$BMUMV = (0.9883) * DMV; \text{ and}$$

(b) for a BM Unit in the direction from England to France:

$$BMUMV = (1.0117) * DMV.$$

4.2 For the purpose of the RTE Settlement Arrangements and for an export from France to England, the Operators will send to RTE (in its capacity as

Transmission System Operator) a program called “*Programme d'Export à Mandarins*” expressed in kWh at Les Mandarins in half-hourly points and calculated by this formula:

$$PEM = (1.0117) * DMV$$

- 4.3 For the purpose of the RTE Settlement Arrangements and for an import from England to France, the Operators will send to RTE a program called “*Programme d'Import à Mandarins*” expressed in kWh at Les Mandarins in half-hourly points and calculated by this formula:

$$PIM = (0.9883)*DMV.$$

- 4.4 In paragraphs 4.1, 4.2, and 4.3, “DMV” means the Deemed Metered Volume calculated for that User for that Settlement Period under paragraph 2 above.

Schedule 6: Expert Determination

1. Notice of referral and appointment of the Expert

- 1.1 A notice under Rule F8.3.1 referring a Technical Dispute to expert determination shall include a brief statement of the issues to be determined and the relief sought together with the referring person's proposals as to the Expert. The Operators and the User shall seek to appoint the Expert by agreement, but if they have not agreed within 5 Business Days after the notice of referral, the Expert shall be appointed, on the request of either the Operators or the User, by the International Chamber of Commerce ("ICC").
- 1.2 If an Expert has been appointed, but is unable to complete the reference, another Expert shall be appointed by the Operators and the User, or if they have not agreed on the appointment within 5 Business Days of a notice by either, by the ICC.

2. Role of the Expert

The Expert shall act as an expert and not as an arbitrator. Save that, subject to the provisions of this Schedule 6, the Expert shall act impartially and fairly and shall give to both Operators and the User a reasonable opportunity to put its case, the Expert shall otherwise have a complete discretion in the conduct of the determination subject to this Schedule 6.

3. Agreement of the Expert to the terms of reference

- 3.1 Upon appointment, the Expert will agree to conduct the reference in accordance with this Schedule 6.
- 3.2 The Operators and the User must ask any person appointed as an Expert, before accepting such appointment, to disclose fully any interest or duty that person has or may have which conflicts or may conflict with the person's function as Expert and must also ask the Expert to disclose fully any interest or duty incurred at any time before giving a determination under the appointment.
- 3.3 No person shall be appointed an Expert who at the time of appointment is or has at any time during the 10 years prior to the time of appointment been an employee of either the Operators or the User or of any Related Party of either the Operators or the User or of any company in which either the Operators or the User have a direct significant financial interest.

4. Qualifications of the Expert

The Expert shall be an expert appropriately qualified and experienced to determine the Dispute. If necessary, any issue as to whether a proposed Expert is appropriately qualified and experienced shall be determined in its absolute discretion by the ICC.

5. Procedures

- 5.1 Within 5 Business Days after service of the notice of referral under Rule F8.3.1 or, if sooner, forthwith after the appointment of the Expert, the claimant shall send to the Expert, with a copy to the other, its statement of case, including a copy of the notice of referral, a copy of any appropriate documents, brief details of the circumstances giving rise to the Technical Dispute, the reasons why it is entitled to the relief sought and the evidence and documents on which it relies. The statement of case shall be confined to the issues identified in the notice of referral.
- 5.2 Within 10 Business Days thereafter, the person who is not the claimant may send to the Expert, with copy to the claimant, its statement of defence responding to the claimant's statement of case including the evidence and documents on which it relies.
- 5.3 It is intended that the first written statements and supporting documents of the parties to the determination shall be full and complete and accordingly such parties to the determination shall not be permitted to submit any further documents following their first written representation save as may be allowed by the Expert in the Expert's absolute discretion.
- 5.4 The Expert may request clarification or additional information from either of the parties to the determination and each party thereto shall comply with any such request.
- 5.5 If any party to the determination fails to submit any written representation to the Expert within the time specified or otherwise to comply with a direction of the Expert, the Expert may proceed, in the Expert's absolute discretion, to make a determination on the basis of the written representations, documents and information provided in accordance with the provisions of this Schedule 6 and the Expert's directions.
- 5.6 The Expert may convene meetings upon reasonable notice to the parties to the determination at which all parties thereto shall be entitled to be present. Meetings shall be held either in London or Paris.
- 5.7 All communications between the Expert and any party to the determination shall be simultaneously copied to the other party(ies).
- 5.8 The time limits in this Schedule 6 may be extended only by agreement between the Operators and the User or, failing such agreement, by order of the Expert.

6. Expert's decision

The parties to the determination and the Expert shall do all things necessary for the proper and expeditious conduct of the Expert Determination in accordance with this Schedule 6. The Expert's decision shall in any event be made within 25 Business Days of the appointment of the Expert and shall be in writing and in the English language.

7. Costs

Notwithstanding any other provision hereof, each party to the determination shall bear its own costs and one half of the cost of the Expert and the Expert's professional legal adviser (if any) unless the Expert, acting reasonably, shall direct otherwise providing written reasons for such direction if so requested within 10 Business Days of the direction.