

Non Directed Contracts (NDCs) Clearing Prices and Volumes 2009/10

An Information Note

23rd December 2009

The Commission for Energy Regulation and the Northern Ireland Authority for Utility Regulation (the Regulatory Authorities) have developed a single all-island electricity market, the Single Electricity Market (SEM), which came into operation on November 1st 2007. Further details on the project can be found on the AIP website (www.allislandproject.org).

Risk Management is an integral element of the efficient and effective operation of the SEM. To date two key processes for the offering of contracts for differences (CFDs) have been developed to address participants' risk management requirements: Directed Contract (DC)¹ and the Non Directed Contract (NDCs) processes.

The 2009 round of contract offerings took place between 5th May and 17th June 2009 (inclusive) in the case of DCs and between 12th May and 15th December (inclusive) in the case of NDCs. In the NDC auctions contracts were offered by NIE Energy PPB and ESB Power Generation (ESB PG) through the sale to the market of financial CFDs on Tullet Prebon's Ireland Power Auction platform². ESB PG also administered the auctioning of 600 MW of Ireland PSO-backed contracts through its NDC auctions.

To facilitate transparency in the SEM contracts market, the RAs actively encourage the publication of as much information as reasonably practical on market activity. On 17th July 2009, the RAs published the actual strike prices for the ESB PG Directed Contracts and the results of the first 4 Ireland PSO-backed auctions.³

The purpose of this note is to provide interested parties with data on this year's NDC process. ESB PG and NIE PPB have provided the RAs with clearing prices and aggregate volumes per NDC auction. This data is shown in the tables below.

Note on Products:

Baseload: all hours

Mid-Merit 1 (MM1): 07.00 to 23.00 Business days (80% of volume on Non-Business days)

Mid Merit 2 (MM2): 07.00 to 19.00 on Business days

Peak: 17.00 to 21.00 in (Q4-2008 and Q1-2009)

¹ A fundamental element of the Regulatory Authorities' (RAs') market power mitigation strategy is the requirement on the incumbent generators, ESB Power Generation (ESBPG) and NIE Energy Power Procurement Business (PPB) as applicable, to offer contracts (Directed Contracts) at quantities, prices and in a specified form, the purpose of which is to remove the incentive on incumbents to attempt to profit from the use of market power.

² See <http://www.tullettprebon.com/irelandpowerauction/index.aspx>

³ See http://www.allislandproject.org/en/market_decision_documents.aspx?article=c89573a8-1bc2-4517-bead-1048b87b55e6

Non Directed Contracts For Difference sold by NIE Power Procurement Business

| | Auction 1 | | Auction 2 | | Auction 3 | | Auction 4 | | Auction 5 | |
|---------------------------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|
| | 12-May-09 | | 14-May-09 | | 20-May-09 | | 27-May-09 | | 02-Jun-09 | |
| | MW | €/MWh | MW | €/MWh | MW | €/MWh | MW | €/MWh | MW | €/MWh |
| Baseload | | | | | | | | | | |
| Q4 2009 | 25.00 | 52.13 | N/A | N/A | N/A | N/A | N/A | N/A | 25.00 | 54.06 |
| Q1 2010 | N/A | N/A | 25.00 | 57.73 | N/A | N/A | N/A | N/A | 25.00 | 54.06 |
| Q2 2010 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 25.00 | 49.51 |
| Q3 2010 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 25.00 | 49.51 |
| Annual | N/A | N/A | N/A | N/A | 25.00 | 52.87 | N/A | N/A | 25.00 | 51.00 |
| Mid Merit 1 (07:00-23:00) | | | | | | | | | | |
| Q4 2009 | N/A | N/A | N/A | N/A | 25.00 | 63.05 | 25.00 | 58.41 | 25.00 | 60.99 |
| Q1 2010 | N/A | N/A | N/A | N/A | 25.00 | 63.05 | 25.00 | 62.54 | 25.00 | 60.99 |
| Q2 2010 | N/A | N/A | N/A | N/A | N/A | N/A | 25.00 | 60.15 | N/A | N/A |
| Q3 2010 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Annual | N/A | N/A | N/A | N/A | 25.00 | 60.30 | N/A | N/A | 25.00 | 59.89 |
| Mid Merit 2 (07:00-19:00) | | | | | | | | | | |
| Q4 2009 | N/A | N/A | N/A | N/A | 25.00 | 63.91 | N/A | N/A | N/A | N/A |
| Q1 2010 | N/A | N/A | N/A | N/A | 25.00 | 63.91 | N/A | N/A | N/A | N/A |
| Q2 2010 | N/A | N/A | N/A | N/A | N/A | N/A | 20.00 | 60.00 | N/A | N/A |
| Q3 2010 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Annual | N/A | N/A | N/A | N/A | 25.00 | 61.87 | N/A | N/A | 25.00 | 60.82 |
| Peak (17:00-21:00) | | | | | | | | | | |
| Q4 2009 | N/A | N/A | N/A | N/A | 25.00 | 90.12 | N/A | N/A | 25.00 | 88.24 |
| Q1 2010 | N/A | N/A | N/A | N/A | 25.00 | 90.12 | 25.00 | 90.73 | 25.00 | 88.24 |

| | Auction 6 | | Auction 7 | | Auction 8 | | Auction 9 | | Auction 10 | |
|---------------------------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|------------|-------|
| | 04-Jun-09 | | 09-Jun-09 | | 11-Jun-09 | | 16-Jun-09 | | 18-Jun-09 | |
| | MW | €/MWh | MW | €/MWh | MW | €/MWh | MW | €/MWh | MW | €/MWh |
| Baseload | | | | | | | | | | |
| Q4 2009 | N/A | N/A | 25.00 | 54.84 | 25.00 | 51.72 | 25.00 | 52.50 | N/A | N/A |
| Q1 2010 | N/A | N/A | 25.00 | 54.84 | 25.00 | 58.20 | 25.00 | 52.50 | N/A | N/A |
| Q2 2010 | N/A | N/A | 25.00 | 50.77 | N/A | N/A | N/A | N/A | N/A | N/A |
| Q3 2010 | N/A | N/A | 25.00 | 50.77 | N/A | N/A | N/A | N/A | N/A | N/A |
| Annual | N/A | N/A | N/A | N/A | N/A | N/A | 25.00 | 50.28 | N/A | N/A |
| Mid Merit 1 (07:00-23:00) | | | | | | | | | | |
| Q4 2009 | 25.00 | 58.91 | 25.00 | 62.32 | 25.00 | 59.75 | 25.00 | 61.69 | 25.00 | 58.69 |
| Q1 2010 | 25.00 | 63.45 | 25.00 | 62.32 | 25.00 | 63.60 | 25.00 | 61.69 | 25.00 | 62.78 |
| Q2 2010 | 25.00 | 57.75 | N/A | N/A | N/A | N/A | N/A | N/A | 25.00 | 57.12 |
| Q3 2010 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 25.00 | 55.60 |
| Annual | N/A | N/A | 25.00 | 61.05 | N/A | N/A | 25.00 | 58.03 | N/A | N/A |
| Mid Merit 2 (07:00-19:00) | | | | | | | | | | |
| Q4 2009 | 25.00 | 59.11 | 25.00 | 63.52 | N/A | N/A | 25.00 | 62.50 | 25.00 | 58.96 |
| Q1 2010 | 25.00 | 63.64 | 25.00 | 63.52 | 5.00 | 66.00 | 25.00 | 62.50 | N/A | N/A |
| Q2 2010 | 25.00 | 58.43 | 25.00 | 58.51 | 25.00 | 60.49 | N/A | N/A | N/A | N/A |
| Q3 2010 | N/A | N/A | 25.00 | 58.51 | 25.00 | 57.25 | N/A | N/A | N/A | N/A |
| Annual | N/A | N/A | 25.00 | 60.00 | N/A | N/A | N/A | N/A | N/A | N/A |
| Peak (17:00-21:00) | | | | | | | | | | |
| Q4 2009 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 25.00 | 85.20 |
| Q1 2010 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 25.00 | 91.14 |

PSO supported Contracts For Difference sold by ESB Power Generation

| | Auction 1 | | Auction 2 | | Auction 3 | | Auction 4 | | Auction 5 | | Auction 6 | |
|----------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|
| | 22-Jun-09 | | 24-Jun-09 | | 26-Jun-09 | | 29-Jun-09 | | 01-Jul-09 | | 03-Jul-09 | |
| | MW | €/MWh | MW | €/MWh | MW | €/MWh | MW | €/MWh | MW | €/MWh | MW | €/MWh |
| Baseload | | | | | | | | | | | | |
| Q4 2009 | 100.00 | 56.03 | 100.00 | 55.87 | 100.00 | 55.87 | 100.00 | 54.30 | 100.00 | 54.10 | 100.00 | 52.66 |
| Q1 2010 | 100.00 | 60.67 | 100.00 | 60.51 | 100.00 | 60.52 | 100.00 | 59.83 | 100.00 | 59.92 | 100.00 | 60.11 |
| Q2 2010 | 100.00 | 58.07 | 100.00 | 57.91 | 0.00 | N/A | 99.00 | 55.24 | 105.00 | 54.71 | 0.00 | N/A |
| Q3 2010 | 100.00 | 54.55 | 100.00 | 54.39 | 5.00 | 54.39 | 99.00 | 51.60 | 103.60 | 51.08 | 20.01 | 50.79 |

Non Directed Contracts For Difference sold by ESB Power Generation

| | Auction 1 | | Auction 2 | | Auction 3 | | Auction 4 | | Auction 5 | |
|---------------------------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|
| | 07-Jul-09 | | 09-Jul-09 | | 16-Jul-09 | | 21-Jul-09 | | 23-Jul-09 | |
| | MW | €/MWh | MW | €/MWh | MW | €/MWh | MW | €/MWh | MW | €/MWh |
| Baseload | | | | | | | | | | |
| Q4 2009 | N/A | N/A | N/A | N/A | 49.50 | 53.00 | 24.75 | 54.00 | N/A | N/A |
| Q1 2010 | N/A | N/A | N/A | N/A | 50.00 | 53.15 | 29.70 | 55.00 | 40.00 | 55.20 |
| Q2 2010 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Q3 2010 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Annual | 49.50 | 54.00 | 29.70 | 53.00 | N/A | N/A | N/A | N/A | N/A | N/A |
| Mid Merit 1 (07:00-23:00) | | | | | | | | | | |
| Q4 2009 | N/A | N/A | N/A | N/A | 30.00 | 59.57 | 39.60 | 58.00 | 20.00 | 59.81 |
| Q1 2010 | N/A | N/A | N/A | N/A | 50.00 | 59.06 | 30.00 | 60.53 | 30.00 | 63.15 |
| Q2 2010 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 5.00 | 60.00 |
| Q3 2010 | N/A | N/A | N/A | N/A | 50.00 | 58.35 | 20.00 | 60.00 | 25.00 | 58.00 |
| Annual | 24.75 | 61.00 | 49.50 | 61.00 | N/A | N/A | N/A | N/A | N/A | N/A |
| Mid Merit 2 (07:00-19:00) | | | | | | | | | | |
| Q4 2009 | N/A | N/A | N/A | N/A | 15.00 | 62.01 | 40.00 | 61.61 | 40.00 | 62.15 |
| Q1 2010 | N/A | N/A | N/A | N/A | 30.00 | 63.11 | 15.00 | 63.37 | 15.00 | 63.41 |
| Q2 2010 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Q3 2010 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Annual | 25.00 | 65.00 | 25.00 | 62.01 | N/A | N/A | N/A | N/A | N/A | N/A |
| Peak (17:00-21:00) | | | | | | | | | | |
| Q4 2009 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Q1 2010 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

| | Auction 6 | | Auction 7 | |
|---------------------------|-----------|-------|-----------|-------|
| | 11-Aug-09 | | 15-Dec-09 | |
| | MW | €/MWh | MW | €/MWh |
| Baseload | | | | |
| Q4 2009 | N/A | N/A | N/A | N/A |
| Q1 2010 | 20.00 | 57.51 | N/A | N/A |
| Q2 2010 | 0.45 | 56.00 | N/A | N/A |
| Q3 2010 | N/A | N/A | N/A | N/A |
| Annual | N/A | N/A | N/A | N/A |
| Mid Merit 1 (07:00-23:00) | | | | |
| Q4 2009 | N/A | N/A | N/A | N/A |
| Q1 2010 | N/A | N/A | N/A | N/A |
| Q2 2010 | N/A | N/A | N/A | N/A |
| Q3 2010 | 38.25 | 63.00 | N/A | N/A |
| Annual | N/A | N/A | N/A | N/A |
| Mid Merit 2 (07:00-19:00) | | | | |
| Q4 2009 | N/A | N/A | N/A | N/A |
| Q1 2010 | 10.00 | 63.00 | N/A | N/A |
| Q2 2010 | 20.00 | 63.15 | 25.00 | 46.81 |
| Q3 2010 | 36.70 | 63.00 | N/A | N/A |
| Annual | N/A | N/A | N/A | N/A |
| Peak (17:00-21:00) | | | | |
| Q4 2009 | N/A | N/A | N/A | N/A |
| Q1 2010 | 20.00 | 96.41 | N/A | N/A |