

SEM Single Mutual Hedging Process
Notice of Indicative Volumes and Indicative Reserve
Prices

21 May 2008

SEM Single Mutual Hedging Process - Non-Directed Contracts for Differences between NIE Energy PPB and Eligible Suppliers

Indicative Volumes and Indicative Reserve Prices

- 1.1 The SEM Committee set out in their Notice (AIP/SEM/08/059 dated 7th May 2008) the SEM Single Mutual Hedging Process to be followed by SEM participants i.e. by both eligible suppliers who wish to participate and PPB.
- 1.2 Only suppliers who are “high net worth”¹ companies within the meaning of Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (“FPO”) will be eligible to participate in the SEM Single Mutual Hedging Process.
- 1.3 Suppliers who wish to contract with PPB for Non-Directed CfDs through the SEM Single Mutual Hedging Process must have entered into either:
- 1.3.1 an agreement amending the terms of the Non-Directed Master Contract for Differences Agreement in respect of suppliers that have already entered into a Non-Directed Master Contract for Differences Agreement with PPB, or
- 1.3.2 a new Non-Directed Master Contract for Differences Agreement in respect of suppliers that have not already entered into a Non-Directed Master Contract for Differences Agreement with PPB.
- 1.4 The dates for the Non-Directed CfDs Sessions are:

Session:	Date:
NDC 1	29 May 2008
NDC 2	3 June 2008
NDC 3	6 June 2008
NDC 4	11 June 2008
NDC 5	16 June 2008
NDC 6	19 June 2008

- 1.5 On 27 May 2008 PPB will send any eligible suppliers a sample Offer Form for suppliers to complete and return to PPB to test communications channels.

¹ Pursuant to Article 49 of the FPO a high net worth company is a company which satisfies one of the following conditions:

- (i) a company which has a called-up share capital or net assets of not less than £5 million; or
- (ii) a company which is a member of the same group as an undertaking which has a called-up share capital or net assets of not less than £5 million; or
- (iii) a company which has more than 20 members, or which is a subsidiary undertaking of an undertaking which has more than 20 members, and which has a called-up share capital or net assets of not less than £500,000; or
- (iv) a company which has more than 20 members, or which is a subsidiary undertaking of an undertaking which has more than 20 members and which is a member of the same group as an undertaking which has a called-up share capital or net assets of not less than £500,000.

Indicative Volumes and Indicative Reserve Prices

	2008 Q4		2009 Q1		2009 Q2		2009 Q3	
	Volume (MW)	Reserve Price (£/MWh)	Volume (MW)	Reserve Price (£/MWh)	Volume (MW)	Reserve Price (£/MWh)	Volume (MW)	Reserve Price (£/MWh)
Baseload	300	£74.32	300	£78.12	250	£65.90	250	£66.38
Mid Merit 1	200	£84.01	200	£88.22	143	£73.32	17	£75.03
Mid Merit 2	200	£86.53	250	£90.87	200	£75.52	250	£77.28
Peak	100	£126.50	100	£126.66				

Products

Baseload – For Trading Periods at the Contract Quantity arising in all hours.
Mid-Merit 1 (MM1) – For Trading periods at the Contract Quantity during the hours beginning at 07:00 and ending at 23:00 on Business Days and for Trading Periods on days that are not Business Days at 80% of the Contract Quantity.
Mid-Merit 2 (MM2) – For Trading Periods at the Contract Quantity during the hours beginning at 07:00 and ending at 19:00 on weekdays.
Peak – For Trading Periods arising during the hours beginning at 17:00 and ending at 21:00 on all days during October, November, December, January, February and March at Contract Quantity

Product period(s):

Annual represents the twelve (12) month period from 00:00 hours on 1 st October 2008 until 24:00 hours on 30 th September 2009 (inclusive).
08Q4 represents the three (3) month period from 00:00 hours on 1 st October 2008 until 24:00 hours on 31 st December 2008 (inclusive).
09Q1 represents the three (3) month period from 00:00 hours on 1 st January 2009 until 24:00 hours on 31 st March 2009 (inclusive).
09Q2 represents the three (3) month period from 00:00 hours on 1 st April 2009 until 24:00 hours on 30 th June 2009 (inclusive).
09Q3 represents the three (3) month period from 00:00 hours on 1 st July 2009 until 24:00 hours on 30 th September 2009 (inclusive).
08Q4 + 09Q1 represents the six (6) month period from 00:00 hours on 1 st October 2008 until 24:00 hours on 31 st March 2009 (inclusive).
09Q2 + 09Q3 represents the six (6) month period from 00:00 hours on 1 st April 2009 until 24:00 hours on 30 th September 2009 (inclusive)

On the 27 May 2008 volumes and reserve prices for the various contracts and session dates will be sent to eligible suppliers. These will consist of the following contract types:

- (a) Annual flat products for Baseload, Mid-Merit (1) and Mid-Merit (2);
- (b) Six monthly winter products (October 2008 – March 2009) for Baseload, Mid-Merit (1), Mid-Merit (2) and Peak;
- (c) Six monthly summer product (March 2009 – September 2009) Baseload, Mid-Merit (1) and Mid-Merit (2); and
- (d) Quarterly products for Baseload, Mid-Merit (1) and Mid-Merit (2) and Peak.