

Non Directed Contracts (NDCs) Clearing Prices and Volumes 2008/09

An Information Note

22nd July 2008

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 recent round of contract offerings took place between 28th April and 22nd May 2008 (inclusive) in the case of DCs and between 29th May and 1st July (inclusive) in the case of NDCs. In the NDC process contracts were offered by ESB Power Generation (ESB PG) through the sale to the market of financial CFDs, and by NIE Energy PPB through individually organised Single Mutual Hedging events. ESB PG also administered the auctioning of 600 MW of Ireland PSO-backed contracts through its NDC process.

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.

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 28th May 2008, the RAs published the actual strike prices for the ESB PG and NIE Energy PPB Directed Contracts.²

The purpose of this note is to provide interested parties with data on the recent NDC process. ESB PG and NIE PPB have provided the RAs with clearing prices and aggregate volumes per NDC auction or single mutual hedging event for publication. This data is shown 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)

² See <http://www.allislandproject.org/en/market-power-consultation.aspx?article=4c07bb69-b99b-439f-9481-4db9b7df87d6>

Non Directed Contracts for Differences sold by ESB Power Generation

	Auction 101		Auction 102		Auction 103		Auction 104		Auction 105		Auction 106	
	29/05/2008		03/06/2008		06/06/2008		11/06/2008		16/06/2008		19/06/2008	
	Clearing Price	Volume Sold	Clearing Price	Volume Sold	Clearing Price	Volume Sold	Clearing Price	Volume Sold	Clearing Price	Volume Sold	Clearing Price	Volume Sold
	€ per MWhr	MW	€ per MWhr	MW	€ per MWhr	MW	€ per MWhr	MW	€ per MWhr	MW	€ per MWhr	MW
Baseload												
Q4 2008	N/A	N/A	N/A	N/A	108.97	70.0	113.57	50.0	118.98	75.0	116.06	75.0
Q1 2009	N/A	N/A	N/A	N/A	114.64	70.0	122.17	70.0	128.19	45.0	124.50	45.0
Q2 2009	N/A	N/A	N/A	N/A	98.60	25.0	100.62	25.0	N/A	N/A	N/A	N/A
Q3 2009	N/A	N/A	N/A	N/A	97.62	50.0	101.97	50.0	N/A	N/A	N/A	N/A
Annual	103.90	100.0	104.20	80.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mid Merit (0700-2300)												
Q4 2008	N/A	N/A	N/A	N/A	122.44	29.7	131.38	30.0	133.53	20.0	135.16	20.0
Q1 2009	N/A	N/A	N/A	N/A	131.79	30.0	140.27	30.0	147.96	40.0	147.97	40.0
Q2 2009	N/A	N/A	N/A	N/A	111.17	70.0	118.58	70.0	116.79	35.0	119.51	35.0
Q3 2009	N/A	N/A	N/A	N/A	111.31	35.0	117.56	35.0	N/A	N/A	N/A	N/A
Annual	117.23	60.0	117.46	60.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mid Merit 2 (0700-1900)												
Q4 2008	N/A	N/A	N/A	N/A	134.88	25.0	143.50	25.0	N/A	N/A	N/A	N/A
Q1 2009	N/A	N/A	N/A	N/A	140.82	20.0	151.47	20.0	N/A	N/A	N/A	N/A
Q2 2009	N/A	N/A	N/A	N/A	114.51	35.0	119.02	35.0	N/A	N/A	N/A	N/A
Q3 2009	N/A	N/A	N/A	N/A	115.37	35.0	119.22	35.0	N/A	N/A	N/A	N/A
Annual	124.57	25.0	129.57	25.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Peak (1700-2100)												
Q4 2008	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Q1 2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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RoI PSO-backed Contracts for Differences sold (auction administered by ESB Power Generation)

	RoI PSO Auction 201		RoI PSO Auction 202		RoI PSO Auction 203	
	23/06/2008		26/06/2008		01/07/2008	
	Clearing Price	Volume Sold	Clearing Price	Volume Sold	Clearing Price	Volume Sold
	€ per MWhr	MW	€ per MWhr	MW	€ per MWhr	MW
Baseload						
Q4 2008	106.72	200.0	106.87	200.0	106.95	200.0
Q1 2009	117.67	200.0	117.82	200.0	117.90	200.0
Q2 2009	99.55	200.0	99.70	200.0	99.78	200.0
Q3 2009	99.70	200.0	99.85	200.0	99.93	200.0

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SEM Single Mutual Hedging Process - Non Directed Contracts for Differences sold by NIE Energy PPB

		Session 1 29/05/2008		Session 2 03/06/2008		Session 3 06/06/2008		Session 4 11/06/2008		Session 5 16/06/2008		Session 6 19/06/2008	
Products		Clearing Price	Volume Sold	Clearing Price	Volume Sold	Clearing Price	Volume Sold	Clearing Price	Volume Sold	Clearing Price	Volume Sold	Clearing Price	Volume Sold
		£ per MWhr	MW	£ per MWhr	MW	£ per MWhr	MW	£ per MWhr	MW	£ per MWhr	MW	£ per MWhr	MW
Baseload													
Winter	Q4 2008			83.04	25.0			92.83	25.0			95.46	25.0
	Q1 2009	87.91	25.0	88.37	25.0	89.56	25.0	100.51	25.0	96.28	25.0	101.84	25.0
Summer	Q2 2009			75.17	25.0			N/A	N/A	N/A	N/A	85.87	25.0
	Q3 2009	77.40	25.0	75.94	25.0	78.34	25.0	N/A	N/A	N/A	N/A	85.22	25.0
	Annual	82.92	50.0	N/A	N/A	84.81	50.0	N/A	N/A	89.69	50.0	N/A	N/A
Mid Merit 1													
Winter	Q4 2008			93.90	30.0			105.14	40.0			106.30	30.0
	Q1 2009	99.42	30.0	99.82	30.0	100.73	40.0	114.26	40.0	110.69	30.0	117.59	30.0
Summer	Q2 2009	N/A	N/A	83.41	50.0	N/A	N/A	94.96	50.0	N/A	N/A	94.16	45.0
	Q3 2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	95.26	20.0
	Annual	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mid Merit 2													
Winter	Q4 2008			N/A	N/A	N/A	N/A	114.00	25.0			125.00	25.0
	Q1 2009	102.06	25.0	108.35	30.0	N/A	N/A	121.61	40.0	120.85	25.0	129.23	30.0
Summer	Q2 2009			89.30	25.0			95.06	25.0	N/A	N/A	N/A	N/A
	Q3 2009	88.93	25.0	91.43	30.0	91.18	25.0	95.16	40.0	N/A	N/A	99.32	30.0
	Annual	96.40	30.0	N/A	N/A	101.00	40.0	N/A	N/A	109.57	30.0	N/A	N/A
Peak													
Winter	Q4 2008			144.29	25.0			160.51	25.0			N/A	N/A
	Q1 2009	N/A	N/A	147.71	25.0	148.70	25.0	168.11	25.0	167.92	25.0	N/A	N/A

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