**Moyle Interconnector Limited 27 September 2010**

**Intraday trading modification**

**Comments on timing for EA1, EA2 and WD1**

**EA1 & 2**

We understand that gas generators need to buy gas for the next day by 5pm at the latest to avail of liquidity in the gas market. Consequently those generators need to have a realistic dispatch schedule by that time – at least for the first part of the day.

In order to meet this requirement we see only two options for EA2.

1. EA2 is set later in the day say after 2pm but only considers the trading day from 12:00 to 06:00. The first part of the trading day (06:00 – 12:00) is set by EA1 and this allows generators to at least commit to gas for the early morning on the afternoon of the day before. Gas requirements changes arising from the EA2 dispatch schedule could be traded on the morning of the trading day.
2. EA1 is run only to determine initial interconnector allocations. As soon as this is determined unused and superimposed interconnector capacity for the whole of the trading day is calculated and fed into EA2 which then runs a full schedule for the trading day and allocates any spare interconnector capacity. EA2 would be run as close as possible to EA1 and preferably immediately afterwards. Bids could all be made at the EA1 stage, interconnector explicit capacity holder bids only would be considered for EA1; all interconnector bids would be considered in merit for EA2. Any appropriately authorised participant could put forward interconnector PQ bids for any quantity. Running EA2 immediately after EA1 should allow a realistic dispatch schedule to be received by gas generators in time to avail of liquidity in the gas market in the late afternoon.

We would favour option 2. However we note that option 1 would allow bids at EA2 to reflect any changes in market conditions but given that there would only be a few hours between EA1 & EA2 bids being submitted this advantage would be minimal. Opting for option 2 would mean that interconnector capacity would have to be allocated implicitly – under option 1 explicit allocation via auction could be used if required.

NOTE: We understood that the RA’s were going to check if the option 1 and option 2 proposals would comply with the EU requirements for intraday trading. We believe that both would satisfy the requirements.

**WD1**

We do not fully understand the constraints surrounding the timing of WD1.

In terms of managing the gas system a changed nomination for 6pm (7pm) would need to be submitted by 3pm (4pm) at the latest. This would point towards WD1 being perhaps earlier than 10:00.

Additionally if the WD1 unconstrained schedule needs to be produced as the starting point for the next day’s EA1 then WD1 is probably going to be at least 2 hours ahead of EA1 – say 08:00 am.