



APX UK POWER AUCTION **MARKET GUIDE**
VERSION 1.0

Document Control

Document Location

An electronic version of this document is available in the Members' area of APX Group's website (www.apxgroup.com). A valid username and password are required.

Revision History

Revision Date	Version	Author	Revision Summary
10 October 2008	1.0	Elisabeth Melsom	Core Draft

Approvals

This document requires the following approvals.

Name	Signature	Title	Version	Date of Issue
Les Male	LMA	Commercial Director	1.0	10 October 2008

Contents	page
Document Control	2
Document Location	2
Revision History	2
Approvals	2
1 Introduction	6
1.1 Background	6
1.2 APX UK Power Auction	6
Services	6
Market Operator	6
Market Rules	7
Regulation	7
1.3 Market Overview	7
1.4 Membership	8
Joining	8
Termination	8
2 APX UK Power Auction	9
2.1 Product Specifications	9
Auction Design	9
General	9
Hourly Periods	10
Limit Orders	11
Block Orders	11

Opening Times	11
Product Codes	11
Variables	12
Conventions	12
Clock Change	13
2.2 Order Submission	15
Conditions for Trading	15
Auction Schedule	15
Order Entry	16
User Competence	17
2.3 Contract Matching	17
MCP and MCV Determination	17
Technical Problems	18
Event of Non-Matching	18
2.4 Contract Notification	18
2.5 Manifest Error	19
2.6 Data Capture	19
2.7 Market Data	19
Daily Data and Indices	19
Historic Data and Indices	20
Additional Reports	21
3 Credit Arrangements	21
3.1 Order Margin	22
Operational Process	22

Exposure Calculation	23
4 Financial Settlement	24
4.1 Final Settlement Statements	25
Energy Amounts	25
Fees	25
Pass-Through Amounts	26
Deemed Imbalance Charges	26
Value Added Tax	26
4.2 Payment	26
Timetable	26
Transfers	27
5 APX Power UK Contact Details	28

1 Introduction

1.1 Background

This document describes the APX UK Power Auction, its products and operation. It is designed to be an introduction to the APX UK Power Auction.

One of the major advantages of a UK Power Auction is the development of a market trusted index, which would benefit the establishment of financial contracts to expand the trading opportunities of the UK power market.

APX has operated a successful Power Auction in the Netherlands since year 2000, and the index derived from the auction is an established index for the Dutch power market.

1.2 APX UK Power Auction

Services

The APX UK Power Auction is a part of the APX Power UK Market, which also offers:

- A Spot Market
- A Prompt Market
- Third-Party Notification Services (ECVNA)
- OTC Give-Up Service
- Market Data Services

This document deals specifically with the APX UK Power Auction. A training guide for the APX UK Power Auction is also available. Similar guides for other markets and services are available at the APX Group web site www.apxgroup.com.

Market Operator

APX Power UK is operated by APX Commodities Ltd, and is a wholly owned subsidiary of APX B.V. Tennet Holdings BV, group parent of the Dutch transmission system operator, has a majority shareholding in APX BV.

Market Rules

All activity in the APX Power UK Market is governed by the APX Market Rules a copy of which must be executed by the Member prior to commencing trading. The UK Power Auction Market Guide and any appendices are designed to be a short explanation to the Market Rules but are not legally binding.

Regulation

The APX Power UK Market is operated by APX Commodities Ltd which is regulated by the Financial Services Authority as an authorised firm. Its scope of permission covers operating a Multilateral Trading Facility, and dealing and arranging deals in derivatives.

1.3 Market Overview

The APX UK Power Auction is a facility for the buying and selling of electrical power for notification under the Balancing and Settlement Code for the Day-Ahead. The trading system EuroLight™ offers Members an integrated exchange trading solution providing everything from auction matching to notification, credit management and financial settlement. Documents detailing how to connect to the EuroLight trading system are available on request. Guides on how to use the EuroLight client application are available if you have installed EuroLight on your computer, simply go to “Programs”, select “EuroLight Client” and choose “Help”. A separate training guide for the use of the APX UK Power Auction is available on request.

The APX UK Power Auction has the following key features:

- Blind auction
- Integrated notification
- Central counterparty clearing
- Conservative collateralisation
- Anonymity
- Fair and equitable treatment for Members

1.4 Membership

Joining

In order to take part in the APX Power UK Auction one must be a Member of the APX Power UK Market. A prospective Member must first accede to the Market Rules of APX Commodities Limited. The process for new Members is the subject of a separate document (available on request). A summary of the process can be found in the table below.

Legal		Operations	
☑	Balancing and Settlement Code: The prospective Member must be a signatory to the Balancing and Settlement Code and have a valid UK BSC ID or have an agreement with a third party to make and take delivery on their behalf under the BSC.	☑	System Access: Member provided with log-in details once access is approved. Member must be able to provide a BSC ID or have an agreement with a third party to make and take delivery on their behalf under the BSC.
☑	Market Rules: Review Market Rules document & sign Membership Agreement.	☑	Collateral and Position Limit: Collateral is posted as Cash or Letter of Credit before trading can begin. A Position Limit form must also be filled in prior to trading.
☑	Registration Form: <ul style="list-style-type: none"> ▪ Company details and authorized personnel. ▪ Last 2 years annual reports. 	☑	Training (optional): Member provided with training if required. Member has access to Member Test environment and training guide.

Termination

Under the Market Rules, Members have the right to terminate the agreement with thirty days' notice with effect from the first day of any calendar month.

2 APX UK Power Auction

2.1 Product Specifications

Auction Design

The APX UK Power Auction is a double-sided blind auction. Blind means that the participants can not see the other bids/offers submitted. Both buyers and sellers enter anonymous orders for each hourly period. Members can input several orders, with different prices, for each hourly period, and so build up an individual demand and/or supply curve per hourly period. Please note that a Member can both be a buyer and a seller when participating in the auction.

General

The auction will be based on day-ahead delivery of hourly periods for the EFA calendar day; accordingly 24 hourly periods will be included in the auction for each day. This means that the day runs from 23:00 to 23:00 UK local time. The auction process will operate each calendar day (7 days per week).

Specifications for all instruments in the APX UK Power Auction are tabulated below. All times are expressed in local UK time.

Product Type	Product Length	BSC Settlement Periods	Product Frequency	Order Entry	
				On	Off
One Hour	1 Hour	2 ¹	24/Day	00:00 on D-14	10:30 on D-1

¹ One BSC settlement period equals 30 minutes

Hourly Periods

Period	Suffix Variable	Start Time Local UK Time	End Time Local UK Time	Example Product Code
1	23	23:00	00:00	1H090126-23
2	00	00:00	01:00	1H090127-00
3	01	01:00	02:00	1H090127-01
4	02	02:00	03:00	1H090127-02
5	03	03:00	04:00	1H090127-03
6	04	04:00	05:00	1H090127-04
7	05	05:00	06:00	1H090127-05
8	06	06:00	07:00	1H090127-06
9	07	07:00	08:00	1H090127-07
10	08	08:00	09:00	1H090127-08
11	09	09:00	10:00	1H090127-09
12	10	10:00	11:00	1H090127-10
13	11	11:00	12:00	1H090127-11
14	12	12:00	13:00	1H090127-12
15	13	13:00	14:00	1H090127-13
16	14	14:00	15:00	1H090127-14
17	15	15:00	16:00	1H090127-15
18	16	16:00	17:00	1H090127-16
19	17	17:00	18:00	1H090127-17
20	18	18:00	19:00	1H090127-18
21	19	19:00	20:00	1H090127-19
22	20	20:00	21:00	1H090127-20
23	21	21:00	22:00	1H090127-21
24	22	22:00	23:00	1H090127-22

Limit Orders

A Limit Order is an order for an individual hour in the auction. The matching of a Limit Order is independent of orders for other instruments in the auction. It is not possible to match for a price that is higher (if buying) or lower (if selling) than your Limit Order price. The volume of a Limit Order may be partially contracted if it is the price setting order.

Block Orders

A Block Order is an order related to the multiple consecutive instruments with one limit price and equal volume for each related instrument. The Block Order has a Fill or Kill condition.

The APX UK Power Auction will not offer the Block Order functionality at the time of the product launch; however we will be looking into introducing this functionality as soon as possible.

Opening Times

The instruments in the APX UK Power Auction are open for entry of order submission 14 days before delivery (D-14). The deadline for submitting orders is 10:30 UK local time on the day before delivery (D-1) and is referred to as the Market Closure.

Product Codes

Product Type	Product Code Prefix (Fixed)	Product Code Suffix (Variable)	Example
ONE HOUR	1H	1HYMMDD-HH	1H081209-23

Variables

Suffix Variable	Definition	Range
YY	YEAR (TWO DIGITS)	00 TO 99
MM	MONTH OF YEAR (TWO DIGITS)	01 TO 12
DD	DAY OF MONTH (TWO DIGITS)	01 TO 31
HH	HOUR (TWO DIGITS)	00 TO 23 01X ²

Conventions

- Dates expressed within codes of Hourly Periods are calendar dates.
- The 24 hourly day-ahead instruments follow the widely used EFA convention (where the EFA calendar day from 23:00 to 23:00 constitutes a day). The first hourly instrument will have an instrument date for the day before the rest of the hourly instruments (for an example please consult the table in the section Hourly Periods).

² On the long clock-change day the additional contract will be labelled 01X

Clock Change

On the short clock-change day and on the long-clock change day the following contracts will be a part of the auction:

Short Clock-Change Day					Example Short Clock-Change Day Product Code
23 Hourly Blocks					
Suffix Variable (Hour)	Start Time GMT	End Time GMT	Start Time Local UK Time	End Time Local UK Time	
23	23:00	00:00	23:00	00:00	1H090328-23
00	00:00	01:00	00:00	02:00	1H090329-00
02	01:00	02:00	02:00	03:00	1H090329-02
03	02:00	03:00	03:00	04:00	1H090329-03
04	03:00	04:00	04:00	05:00	1H090329-04
05	04:00	05:00	05:00	06:00	1H090329-05
06	05:00	06:00	06:00	07:00	1H090329-06
07	06:00	07:00	07:00	08:00	1H090329-07
08	07:00	08:00	08:00	09:00	1H090329-08
09	08:00	09:00	09:00	10:00	1H090329-09
10	09:00	10:00	10:00	11:00	1H090329-10
11	10:00	11:00	11:00	12:00	1H090329-11
12	11:00	12:00	12:00	13:00	1H090329-12
13	12:00	13:00	13:00	14:00	1H090329-13
14	13:00	14:00	14:00	15:00	1H090329-14
15	14:00	15:00	15:00	16:00	1H090329-15
16	15:00	16:00	16:00	17:00	1H090329-16
17	16:00	17:00	17:00	18:00	1H090329-17
18	17:00	18:00	18:00	19:00	1H090329-18
19	18:00	19:00	19:00	20:00	1H090329-19
20	19:00	20:00	20:00	21:00	1H090329-20
21	20:00	21:00	21:00	22:00	1H090329-21
22	21:00	22:00	22:00	23:00	1H090329-22

Long Clock-Change Day				
25 Hourly Blocks				
Suffix Variable (Hour)	Start Time GMT	End Time GMT	Start Time Local UK Time	End Time Local UK Time
23	22:00	23:00	23:00	00:00
00	23:00	00:00	00:00	01:00
01	00:00	01:00	01:00	01:00
01X	01:00	02:00	01:00	02:00
02	02:00	03:00	02:00	03:00
03	03:00	04:00	03:00	04:00
04	04:00	05:00	04:00	05:00
05	05:00	06:00	05:00	06:00
06	06:00	07:00	06:00	07:00
07	07:00	08:00	07:00	08:00
08	08:00	09:00	08:00	09:00
09	09:00	10:00	09:00	10:00
10	10:00	11:00	10:00	11:00
11	11:00	12:00	11:00	12:00
12	12:00	13:00	12:00	13:00
13	13:00	14:00	13:00	14:00
14	14:00	15:00	14:00	15:00
15	15:00	16:00	15:00	16:00
16	16:00	17:00	16:00	17:00
17	17:00	18:00	17:00	18:00
18	18:00	19:00	18:00	19:00
19	19:00	20:00	19:00	20:00
20	20:00	21:00	20:00	21:00
21	21:00	22:00	21:00	22:00
22	22:00	23:00	22:00	23:00

Example Long Clock-Change Day
Product Code Suffix
1H091024-23
1H091025-00
1H091025-01
1H091025-01X
1H091025-02
1H091025-03
1H091025-04
1H091025-05
1H091025-06
1H091025-07
1H091025-08
1H091025-09
1H091025-10
1H091025-11
1H091025-12
1H091025-13
1H091025-14
1H091025-15
1H091025-16
1H091025-17
1H091025-18
1H091025-19
1H091025-20
1H091025-21
1H091025-22

2.2 Order Submission

Conditions for Trading

The Market Rules of APX Commodities Limited place upon the Member a number of generic requirements surrounding fitness to do business, all of which must be met at all times, not least prior to order submission. Most important of these are the requirements to:

- Enable APX Power UK to maintain a valid ECVNA (energy contract volume notification agent) authorisation.
- Comply with the terms of the Balancing and Settlement Code.
- Comply with APX Power UK's collateral requirements.

(See section 3 below)

Auction Schedule

This section gives you an outline of the auction process. The auction will take place every day, including weekends. During the 'pre-trade' auction period, Members are able to enter, view, modify or withdraw their own orders, but no other order data will be displayed. Orders can be entered from 14 days before the delivery day (D), and are visible for three days after the order specific instrument has passed. At 10:30 local UK time is the Market Closure, and Members will not be able to enter any new orders or amend or withdraw existing orders. A matching algorithm is applied to the instruments in the scope of the auction. The auction process produces a Market Clearing Price (MCP) and Market Clearing Volume (MCV) for each hourly period. These values are derived from the matching of the demand and supply curves for each individual hourly period. Bid orders with a price equal to or higher than the MCP for the hourly instrument in question, and offer orders with a price equal to or lower than the MCP will be automatically filled. For further information algorithm matching please consult Appendix 1.

Using EuroLight, Members can see which of their orders have been filled in the auction and which were not matched. Matched orders result in trades which can be viewed in the Contract Book, Orderbook and Event Log in EuroLight and which feed through to the Data Capture application and the Back Office Website. Auction results can be seen in the Market View and the Auction Results screen.

Time Local UK time	Status	Actions Allowed
D-14 at 00:00	The auction market moves to 'Pre-Trade' status. The new Hourly Periods for D-14 are available in EuroLight.	Orders can be entered, viewed, modified and withdrawn for up to 14 days ahead.
D-1 at 10:30	Market Closure The order deadline for orders relating to the day-ahead period is imposed.	No new orders for the day-ahead period can be input, and existing orders cannot be modified or withdrawn. A collateral check process is then run by APX Power UK.
D-1 after 10:30	The matching algorithm for the day-ahead period is run.	The Market Clearing Price is set, all matching orders that are active as at the deadline are filled and matched orders are cleared, notified and flow through to deal capture.
D-1 after 10:45	The market results for the day-ahead period are released. The trading system will provide to Members the visibility on matched and non matched orders.	There is no manifest error available.
D-1 at 16:05	The instruments for the day-ahead auction which has just run will now close. Chargelines will be added to Members' invoices.	

Order Entry

When submitting an order using the EuroLight client application, the Member must specify:

- Position Account
- Market
- Market Segment
- Product/Instrument (by code, see section 2.2 above)
- Volume (in MW) and Limit Price (in £/MWh)
- Buy/Sell

To protect the market from errors, the EuroLight trading system enforces the following validation limits on all orders at the point of submission.

The validation limits in EuroLight trading system can be increased to reflect Members' requirements upon feedback from the Members of the Member Product Board UK.

Limit		
Order Volume	Lot Size	1 MW
	Minimum Order Size	1 MW
	Maximum Order Size	2,000 MW
Order Price	Tick Size	0.01 £/MWh
	Minimum Price	0.01 £/MWh
	Maximum Price	1,000 £/MWh

User Competence

Ultimately, responsibility for competent use of the EuroLight client application lies with the Member. APX Group offers training sessions to Members. For help with and training in the use of the EuroLight software, Members should contact their Account Manager (please see section 5 for details).

2.3 Contract Matching

After the deadline of order entries for the APX UK Power Auction, and following the end of the auction matching process, the Member automatically enters into an energy contract with APX Commodities Ltd if its order is matched, in its capacity as central counterparty. At no time in the process does the Member have any relationship with the other (anonymous) Member whose order causes the match to occur. Contracts are considered firm and irrevocable.

MCP and MCV Determination

For each instrument the Market Clearing Price (MCP) and the Market Clearing Volume (MCV) is determined and the orders are allocated.

Technical Problems

All Members (regardless of size) who trade on APX markets have full access to the EuroLight trading platform. In case of technical or functional problems during the transmission of orders, a Member can request APX to enter or delete orders on the EuroLight platform. When submitting a request an authorised user needs to transmit the orders to be entered into EuroLight to the Operations department of APX via fax or as an attachment to an e-mail.

In order to support the APX Operations team with the entry of orders a relevant spreadsheet (Spot Limit grid in Excel) is recommended. Please note that this service will be offered on a reasonable effort basis, but APX should have no liabilities should there be any errors in the entry of such orders on their behalf. Orders must be received by Operations at the latest 15 minutes before the Market Closure, and the Member must also call the APX Operations team to confirm that the fax or email have been received by the APX Operations department.

Event of Non-Matching

In the highly unlikely event of a non-match it is the accepted market standard that the auction would be re-run or the order book re-opened. This would happen in direct consultation with the trading Members, who would be advised within 1 hour of any unsuccessful match. Should an auction be re-run, all hourly instruments must be included when re-running the auction algorithm.

2.4 Contract Notification

Energy contract volumes in respect of all transactions in the APX Power UK Market are automatically notified to the energy contract volume aggregation agent (ECVAA). It is for this reason that the conditions for auction trading include:

- Possession by APX Power UK of a valid ECVNA authorisation.
- Compliance by the Member with the terms of the Balancing and Settlement Code.

Full details of the notification process can be found in the APX Power UK notification guide (available on request).

2.5 Manifest Error

There is **no** Manifest Error available for entries to the auction after the deadline after the Market Closure at 10:30 UK local time. Once contracts are created in the Auction they are deemed firm and irrevocable. Obviously this has a relation with the concept of a double-sided auction, where buy and sell volume are always equal and the underlying buy-sell contracts are not interchangeable or even linkable. One cannot pinpoint which party is on the selling side for an individual buy contract; hence it is not possible to unwind individual actions.

2.6 Data Capture

APX Power UK provides a real time web-based Data Capture environment that allows Members the ability to quickly and easily capture a range of information. To retrieve the data a request has to be made to a web server that hosts the application. This request can be made by a custom-made Member application which facilitates automation of the requests; alternatively the request can be made manually by using a standard web browser.

The general matching results and the auction Peak Load, Off-Peak Load and Base Load indices will be available from the Data Capture system.

A Data Capture Guide is available for download from www.apxgroup.com or on request.

2.7 Market Data

APX Power UK Auction data is a part of APX Power UK Market Data services. The data is available for access via APX's FTP Service (<ftp://ftp.apxgroup.com>), the APX Group website (www.apxgroup.com) and the APX Data Capture API and is free for Members of the exchange.

Daily Data and Indices

On every calendar day, after the auction has been run, a Day-Ahead Market Daily Results data file is published with data for every hour traded as the non-weighted arithmetic average (not adjusted for volume) of price and volume.

The Day-Ahead Market Daily Results report will be available from the APX FTP Service.

Three indices will be published, after the auction has been run, as detailed in the table below. The indices are the non-weighted arithmetic average (not adjusted for volume) of the hourly Market Clearing Prices.

No trades from the continuous APX Power UK Spot Market will be included in the calculation of the indices.

Index Name	Hours Included in Index Calculation Local UK time
Base Load	23:00 – 23:00
Peak Load	07:00 – 19:00
Off-Peak Load	23:00 – 07:00 & 19:00 – 23:00

Weekly, monthly and yearly indices will be produced for information purposes only, without being awarded an index status.

Indices are publicly made available on a daily basis on the APX Group website in Market Results – Power UK section.

For detailed information on the construction and publication of the APX Power UK Indices and Day-Ahead Market Daily Results please consult the APX Power UK Technical Data Guide.

Day-Ahead Market Daily Indices and Day-Ahead Market Report are also available via the Data Capture API. For further information please consult the APX Data Capture API Manual located in the Members’ area of the APX Group website.

Historic Data and Indices

General Public Historical market data is available via the APX FTP Service, free of charge for Members or can be purchased by any third party.

Via the Back Office Website Members are able to query their own orders, contracts and invoice data. For further information, please consult the BackOffice Website User Manual.

Additional Reports

For the convenience of Members, APX will make additional reports for the UK Power Auction available free of charge for Members and accessible via the APX FTP Service:

- Day-Ahead Market aggregated curve data
- Day-Ahead Weekly Report
- Day-Ahead Monthly Report
- Day-Ahead Monthly Report Weekly Overview

The APX Group website will host following additional reports:

- Day-Ahead Market hourly aggregated curves
- Monthly average Day-Ahead Market price (current year)
- Monthly Day-Ahead Market volume traded (current year)
- Monthly Day-Ahead Market base price (previous year)

3 Credit Arrangements

APX Power UK acts as central counterparty to its UK power auction.

Formal details of APX Power UK's general credit arrangements are contained within paragraph 17 and schedule 1 of the Market Rules of APX Commodities Limited, and relevant Market Notices.

With the exception of the treatment of orders, credit arrangements in respect of the UK power auction are broadly equivalent to those for the APX Power UK spot market, as set out in the APX Power UK Spot Market Guide (available on the APX Group website). Under these arrangements, exposures *evaluated after matching* in respect of hourly products arising in the day-ahead auction market are calculated in precisely the same way as exposures *evaluated after matching* in respect of half-hourly products arising in the continuously traded spot market.

This chapter describes:

- The operational process under which Member exposures are monitored and managed in the period *prior to auction matching*;
- The calculation under which Member exposures are evaluated in the period *prior to auction matching*.

3.1 Order Margin

Operational Process

The daily operational order-management process for the purposes of credit management is as follows.

Time (Local UK time)	Action
D-1 before 09.30	The Member must post sufficient collateral in anticipation of the day's auction activity.
D-1 from 09:30 to 10.30	APX Power UK runs frequent periodic checks to monitor (implied) exposure from each Member's portfolio of submitted orders. If the Member is beyond or close to credit limit, APX Power UK liaises with Member to ensure that exposure falls within credit limit at matching.
D-1 at 10:30	Market Closure
D-1 from 10:30 to 10:45	APX Power UK runs final credit check to ascertain that all Members are operating within credit limit. In extremis, where Member in breach of credit limit, APX Power UK conducts staggered withdrawal of Member orders by product (last product first) until implied exposure falls within credit limit. APX Power UK runs the matching algorithm for the day-ahead period.
D-1 after 10.45	APX Power UK publishes auction results.

Under this operational process, precise implied exposure values constitute market-sensitive information and are therefore not reported to Members within EuroLight (contrary to the prevailing arrangement for accrued orders in the continuously traded spot market).

Exposure Calculation

Order margin is designed to address the exposure that would arise if an outstanding order were matched in full.

Order Margin (£) =

Indicative Buy Volume (MWh) x Max [Indicative MCP (£/MWh) x Parameter (%), Margin Floor (£/MWh)]

Or

Indicative Sell Volume (MWh) x Max [Indicative MCP (£/MWh) x Parameter (%), Margin Floor (£/MWh)]

MCP stands for Market Clearing Price

EXAMPLE

A Member submits the following day-ahead orders.

	BUY SELL	VOLUME (MW)	VOLUME (MWh)	ORDER PRICE (£/MWh)
1H081006-04	B	300	300	50.00
1H081006-04	B	200	200	55.00
1H081006-04	B	100	100	60.00
1H081006-04	S	100	100	55.00
1H081006-04	S	200	200	60.00
1H081006-04	S	300	300	65.00
1H081006-09	B	600	600	60.00
1H081006-09	B	400	400	65.00
1H081006-09	B	200	200	70.00
1H081006-09	S	200	200	60.00
1H081006-09	S	400	400	65.00
1H081006-09	S	600	600	70.00

During the order submission period, EuroLight calculates an indicative price of £52.50/MWh for product 1H081006-04, and an indicative price of £67.50/MWh for product 1H081006-09,

based on all Member orders submitted at that point. The following table indicates whether each order within this same portfolio would be expected to match at these indicative prices.

	BUY SELL	VOLUME (MW)	VOLUME (MWh)	ORDER PRICE (£/MWh)	INDICATIVE MATCH?
1H081006-04	B	300	300	50.00	NO
1H081006-04	B	200	200	55.00	YES
1H081006-04	B	100	100	60.00	YES
1H081006-04	S	100	100	50.00	YES
1H081006-04	S	200	200	55.00	NO
1H081006-04	S	300	300	60.00	NO
1H081006-09	B	600	600	60.00	NO
1H081006-09	B	400	400	65.00	NO
1H081006-09	B	200	200	70.00	YES
1H081006-09	S	200	200	60.00	YES
1H081006-09	S	400	400	65.00	YES
1H081006-09	S	600	600	70.00	NO

Based on these matching indications, the portfolio resolves to indicative net volumes, and attracts order margin, as indicated.

	BUY SELL	INDICATIVE VOLUME (MW)	INDICATIVE VOLUME (MWh)	INDICATIVE MCP (£/MWh)	PARAMETER	MARGIN FLOOR (£/MWh)	ORDER MARGIN (£)
1H081006-04	B	200	200	52.5	100%	0	10,500
1H081006-09	S	400	400	67.5	57%	0	15,390
						Total	25,890

4 Financial Settlement

Formal details of APX Power UK's financial settlement arrangements are contained within paragraphs 13 and 14, and details on collateral requirements are described in paragraph 17 of the Market Rules of APX Commodities Limited.

Financial settlement in the APX Power UK Market takes place on a weekly basis.

APX Commodities Ltd. bills Members electronically by making final settlement statements available on its Back Office website at <https://backoffice.apxgroup.com>. Access is controlled by mandatory use of dedicated usernames and passwords. Members have access only to their own contract and charge information.

4.1 Final Settlement Statements

A final settlement statement is produced in respect of each calendar week (Monday to Sunday), on the first banking day after the end of the calendar week in question (ordinarily a Monday). The final settlement statement sets out all actual and estimated amounts owing to and owed by the Member, including:

- Energy amounts
- Fees
- Pass-through amounts
- Deemed imbalance charges
- Value added tax
- Any other amounts
- The product code to which a given energy contract relates determines upon which weekly final settlement statement the charges in respect of that contract will appear.

Energy Amounts

The buyer pays and the seller receives an energy amount equivalent to the volume of the relevant energy contract (in MWh) multiplied by the contract price (in £/MWh).

Fees

Fees are payable in accordance with the APX Power UK statement of charges (available on request). The main items for a Member trading in the APX Power UK Market are:

- Matching fees
- Monthly fees

Pass-Through Amounts

Costs borne on the Member's behalf by APX Commodities Ltd. are 'passed through' to the Member. Typical pass-through items are:

- Connectivity costs (frame relay and ISDN); and
- The system operator's notified-volume charge (current rate 0.0007 £/MWh).

Deemed Imbalance Charges

In the unlikely event that APX Power UK or the Member were to suffer an energy imbalance as a result of a 'notification failure' as contemplated by the Market Rules of APX Commodities Limited, then the non-compliant party would be liable to make the compliant party whole to the full extent of the 'deemed imbalance' loss suffered as specified in paragraph 15 of the Market Rules.

The method for calculating deemed imbalance charges is very similar to that specified in the widely-used Grid Trade Master Agreement (GTMA).

Value Added Tax

Energy amounts in the APX Power UK Market are subject to zero-rate VAT. This is because Her Majesty's Revenue and Customs has granted APX Commodities Limited VAT relief as if it were a terminal market.

All other amounts are subject to standard-rate VAT.

4.2 Payment

Timetable

- On the FIRST banking day after the end of the calendar week in question (ordinarily a MONDAY), APX Power UK makes available a final settlement statement on the secure back-office website.
- On the SECOND banking day after the end of the calendar week in question (ordinarily a TUESDAY), the Member must make payment to APX Commodities

Ltd. by 11 AM, where the final settlement statement reflects a net amount owing to APX.

- On the THIRD banking day after the end of the calendar week in question (ordinarily a WEDNESDAY), APX Commodities Ltd. must make payment to the Member by 3 PM, where the final settlement statement reflects a net amount owing to the Member.

STANDARD WORKING WEEK

MON	TUES	WED	THUR	FRI	SAT	SUN	MON	TUES	WED
DELIVERY WEEK							F	P1	P2

STANDARD BANK HOLIDAY WEEK

MON	TUES	WED	THUR	FRI	SAT	SUN	MON	TUES	WED	THUR
DELIVERY WEEK								F	P1	P2

	Non-banking day
F	Final settlement statement available by 9am
P1	Payment to APX by 11am
P2	Payment from APX by 3pm

Transfers

Payment must be effected in keeping with the deadlines specified above by one of the methods described below.

- CHAPS. Members may instruct a same-day domestic transfer to the relevant APX account (details available on request).
- Medium Term security. Members may make a Medium Term security payment by transferring a lump sum to the relevant APX account (details available on request). Once the Medium Term security has been established, all amounts owing are added to and taken from the relevant Member’s Medium Term security by APX Power UK. Requests for return of Medium Term security should be directed to APX Power UK’s Settlements team.

5 APX Power UK Contact Details

	Contact Person	Telephone Number	Email
Sales Manager, UK	Louis Hems	+44 (0)20 7841 5663	l.hems@apxgroup.com
Account Manager, UK	Imran Chaudry	+44 (0)20 7841 5667	i.chaudry@apxgroup.com
Account Manager, UK	Therese Simberg	+44 (0)20 7841 5675	t.simberg@apxgroup.com
Account Manager, UK	Joanna McMaster	+44 (0)20 7841 5635	j.mcmaster@apxgroup.com
Operational Account Manager	John Farthing	+44 (0)20 7841 5653	j.farthing@apxgroup.com
Data Manager	Vlad Kaltenieks	+44 (0)20 7841 5668	data@apxgroup.com
Operations	24/7 Helpdesk	+44 (0)115 921 7400	ukoperations@apxgroup.com
ICT Manager, UK	Barry Deevey	+44 (0)115 921 7430	b.deevey@apxgroup.com
Credit Management	Chris Spicer	+31 20 305 4094	c.spicer@apxgroup.com
Settlements Team	Credit & settlements enquiries	+31 20 305 4045	settlements@apxgroup.com