

NGX Phase 3 Ontario Forward Energy Auction

NGX is pleased to announce that the NGX Phase 3 Ontario Forward Energy Auction will proceed. NGX is planning on hosting the official Auction on Wednesday December 13th.

The NGX Phase 3 Ontario Forward Energy Auction will be a competitive multi-Buyer/Seller Auction process with all successful Auction transactions moved to the NGX Clearing System. All parties who wish to participate in the Auction must be Contracting Parties of NGX.

Please find below the Auction rules pertaining to the NGX Phase 3 Ontario Forward Energy Auction. This document has taken into consideration feedback received from the original Draft Auction rules.

Please direct any further feedback to Shane Casey.

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Thanks

Auction Rules

Definitions

Bid

A Bid in a Round is a willingness to purchase that product from a successful Seller provided the Bid price is equal to or greater than the reserve price entered by the Seller.

Buyer

Any Participant that is actively placing Bids in the Auction.

Buyer Closing Period

Portion of a Round where the Buyers may only modify existing Bids up. No new Bids are permitted and Bids cannot be removed from the market.

Buyer Open Period

Portion of a Round where Buyers may release Bids to the market, modify the prices up or down, and remove the Bids from the market.

Buyer Random Closing Period

Portion of a Round where the Buyers may only modify existing Bids up. No new Bids are permitted and Bids cannot be removed from the market. Buyer Round may end at any time during the Buyer Random Closing Period.

Buyer Round

Portion of the Auction where Buyers may release, modify and withdraw Bids from the NGX Power Auction System for a particular instrument.

NGX Phase 3 Ontario Forward Energy Auction

A competitive multi-Buyer/Seller Auction process with all successful Auction transactions moved to the NGX Clearing System (“Auction”).

Offer

An Offer in a Round is a willingness to sell that product to a successful Buyer provided the Bid price is equal to or greater than the reserve price entered by the Seller.

Ontario Flat Power Swap (7 by 24)

A Fixed for Floating Electricity Swap for hours (0000 EPT to 2400 EPT) 7 days a week. When a deal is executed the Buyer will purchase flat power at a fixed price and receive the simple average of the HOEP for the 24 hour duration.

Ontario On-Peak Power Swap (5 by 16)

A Fixed for Floating Electricity Swap for hours (0700 EPT to 2300 EPT) Monday to Friday. When a deal is executed the Buyer will purchase peak power at a fixed price and receive the simple average of the HOEP for the 16 hour duration.

Participant

Any Contracting Party of NGX that is participating in the Auction.

Round

Consisting of a Seller Round and Buyer Round for each instrument offered in the Auction.

Seller

Any Participant that is actively placing Offers in the Auction.

Seller Closing Period

Portion of a Round where the Sellers may only modify existing Offers down. No new Offers are permitted and Offers cannot be removed from the market.

Seller Open Period

Portion of a Round where Sellers may release Offers to the market, modify the prices up or down, and remove the Offers from the market.

Seller Random Closing Period

Portion of a Round where the Sellers may only modify existing Offers down. No new Offers are permitted and Offers cannot be removed from the market. Seller Round may end at any time during the Seller Random Closing Period.

Seller Round

Portion of the Auction where Sellers may release, modify and withdraw Offers from the Auction System for a particular instrument.

Schedule to the NGX CPA

1. Introduction

- 1.1. This Schedule provides Participants with details regarding the rules and procedures for the Auction, details on Seller and Buyer eligibility and the conduct of the Rounds.
- 1.2. The Auction shall be administered and facilitated by NGX.
- 1.3. Each Round will occur as follows:
 - 1.3.1. Seller Open Period – 4 minutes.
 - 1.3.2. Seller Closing Period – 4 minutes.
 - 1.3.3. Seller Random Closing Period – close within 4 minutes.
 - 1.3.4. Buyer Open Period – Open – 4 minutes.
 - 1.3.5. Buyer Closing Period – Close – 4 minutes.
 - 1.3.6. Buyer Random Closing Period – close within 4 minutes.

2. Auction format

- 2.1. A single session with multiple Rounds will occur.
- 2.2. Bids and Offers made during a session will be for lot sizes of 25 MW.
- 2.3. Participants will have the ability to place Bids and Offers in the same Round.

3. Auction Session Rules

3.1. Eligibility Restrictions on Participants

- 3.1.1. Participants are not permitted to combine, conspire, agree or arrange to influence or affect the prices of Bids or Offers for any product listed during an Auction. NGX reserves the right to withdraw any Participant's eligibility to participate in the Auction if such Participant is, in NGX's sole discretion, participating in any such combination, conspiracy, agreement or arrangement.

3.2. Offers

- 3.2.1. The Offer will constitute the reserve price for the product – such that if a Bid matches or exceeds this price then the product is eligible for sale.
- 3.2.2. Offers will also constitute the order in which supply is lifted with the lowest Offers being filled first.
- 3.2.3. An Offer by a Participant for any Auction product is a legally binding commitment if the Offer is declared to be a winning Offer for said product.

3.3. Form of an Offer

- 3.3.1. Each Offer submitted for Ontario On-Peak Power Swaps or Ontario Flat Power Swaps shall be in an amount denominated in CDN Dollars per MWh.

3.4. Offer Entry Format

Participants will enter the digits of their Offer amounts manually into the NGX Power Auction System provided that:

- 3.4.1.1. Each Offer will be for 25 MW; and
- 3.4.1.2. Each Offer amount will be rounded to the nearest \$0.05 per MWh for Ontario On-Peak Power Swaps and Ontario Flat Power Swaps.

3.5. Offering During Rounds

- 3.5.1. Sellers will be able to place Offers during the Seller Rounds.
- 3.5.2. A queue of all Offers will be displayed for all Participants to view. The view will consist of size, cumulative size and time. Offer prices will not be displayed to any Participant other than the owner of the Offer and all NGX Administrators.
- 3.5.3. Participants will be notified when a particular instrument has entered the Seller Closing Period as well as the Seller Random Closing Period.

3.6. Bids

- 3.6.1. A Bid by a Participant for any Auction product is a legally binding commitment if the Bid is declared to be a winning Bid for said product.

3.7. Form of a Bid

- 3.7.1. Each Bid submitted for Ontario On-Peak Power Swaps or Ontario Flat Power Swaps shall be in an amount denominated in CDN Dollars per MWh.

3.8. Bid Entry Format

Participants will enter the digits of their Bid amounts manually into the Auction System provided that:

- 3.8.1. Each Bid will be for 25 MW; and
- 3.8.2. Each Bid amount will be rounded to the nearest \$0.05 per MWh for Ontario On-Peak Power Swaps and Ontario Flat Power Swaps.

3.9. Bidding During Rounds

- 3.9.1. Buyers will be able to place Bids during the Buyer Rounds.
- 3.9.2. A queue of all Bids will be displayed for all Participants to view. The view will consist of price, size, cumulative size and time.

- 3.9.3. Participants will be notified when a particular instrument has entered the Buyer Closing Period as well as the Buyer Random Closing Period.

3.10. Evaluation and Acquisition

- 3.10.1. Following each round all Bids and Offers will be matched as per the following rules:
 - 3.10.1.1. Orders will be matched on a best Bid/best Offer basis.
 - 3.10.1.2. Transaction will occur if best Bid price is equal to or greater than the best Offer price.
 - 3.10.1.3. The best Bid in the queue will define the transaction price.
 - 3.10.1.4. First In First Out rules will apply to both Offers and Bids.
- 3.10.2. Electronic Confirmations from the NGX Power Auction System will be the verification of the terms of the transacted product.
- 3.10.3. All successful transactions will be moved to the NGX Clearing System at the end of the session.
- 3.10.4. NGX will contact all successful parties once the transactions have been manually entered into the NGX Clearing system for verification of transaction terms.

3.11. Company Conflict

- 3.11.1. A company cannot transact with itself at any point during the Auction process.
- 3.11.2. Any matching Bid and Offer will be automatically removed from the market if they belong to the same company.
- 3.11.3. In the event of a Company Conflict, Participants will receive an electronic message stating they have been involved in a Company Conflict.

4. NGX's Authority

NGX may in its sole discretion at any time prior to and during the Auction:

- 4.1. Reject any or all Bids or Offers;
- 4.2. Elect not to proceed with the Auction; and/or
- 4.3. Alter the timetable, Auction process or any other aspect of this Auction.