

On Behalf of the
Market Council for:



N2EX Market Council – NASDAQ OMX Offices – 131 Finsbury Pavement, London EC2

13th April 2010

Attendance:

Paul Beynon - RWE

Mikael Lundin - NP Spot

Hanna Blomfeldt - NP Spot

George Lear – EDF Energy

Andrew Colley - SSE

Geir Reigstad – NASDAQ OMX

Jason Hall - NASDAQ OMX

Richard Sarti - NP Spot

Jon Lewington – RBS Semptra

Fredrik Voss – NASDAQ OMX

Dave McGuinness - FHC

Rishi Rupareila – EDF Energy

Chris Page - RWE

Marie Thuestad –NP Spot

Sofie Mollenbach – Vitol

Apologies:

Caroline Bradford – Accord

John Grey – EDF Trading

AGENDA:

1. Actions From Previous Meeting
2. Modification / Change Management Process
3. Results for Member Vote
4. Ofgem Liquidity Review
5. Inclusion of Ofgem as NV Member
6. Derivatives Launch / UK Banking and GCM Update
7. Spot Project Update
8. Member Status and Recent Volumes
9. AOB

MINUTES:

1. Actions From Previous Meeting

See Attached Spreadsheet for Summary Status.

Invite Brokers to MC – C Page reported that brokers have been invited to attend MC from the 11 May meeting onwards.

UPDATE – One broker acceptance now received.

N2EX to engage with Small Generators – R Sarti – reported on ongoing one on one meetings and the MEUC workshop on April 22 at which N2EX spoke on market development.

Publication of MC Draft Terms of Reference – P Beynon produced a draft ToR incorporating the changes proposed from the previous MC. Document was distributed to all MC members and is up for approval at the May 11 Meeting.

Action All: Consider draft ToR prior to the next MC.

Define Role of IS Lead – No progress reported – J Hall to ask for update from J Doughty prior to next MC. J Hall informed MC that N2EX are able to provide M Haglind as their internal IS Chair as in the implementation period.

Market Council Calendar – J Hall raised question over the number of Summer meetings. One of the July / August Meetings to be scrapped.

Action – J Hall to update Meeting Calendar

N2EX to produce Incident Log - G Reigstad distributed a formal incident log from N2EX operations. Log to be a regular item at all MC meetings. A Colley requested that Log should detail all incidents that incur a cost / loss. R Sarti to investigate possibility of placing log on the N2EX website as part of a member's area.

Action R Sarti: Report on progress with Member's Area on website

N2EX to report on Data Provision – R Sarti informed MC that Auction data would be available from end April on the FTP site and Prompt data would be available in full by Mid June. All data to be FREE to all members as well as incoming members. Difficulties stem from the need to strip out the bulk of NOMX data from the feed. Montel to publish full prices within the month. Negotiations ongoing with Bloomberg / Reuters. J Hall proposed the weekly publication of an N2EX datasheet

N2EX to report on requested Sapri changes – H Blomfeldt reported that the change to a single weekend auction would entail a major redevelopment of Sapri and would not be possible in the near term.

N2EX to hold useability session for Spot Platform – H Blomfeldt reported that session is in planning stage. P Beynon offered up RWE's support for any testing sessions required.

Review Timescales for Spot Launch - H Blomfeldt informed Council that NP Spot expect internal readiness prior to Sept 2010. Council members encouraged to gauge their own readiness and return with formal response at the next MC on May 11.

Action ALL: Report to MC on May 11 concerning internal spot project timescales.

N2EX to begin discussions with Upstream Gas Players - R Sarti informed meeting that N2EX have engaged a Gas Consultancy firm to drive on initiative. N2EX to produce Gas Market Questionnaire for distribution to Gas participants prior to next MC.

Action R Sarti: Distribute Gas Questionnaire.

N2EX to Poll Members on Month Ahead Contract and Changes to Auction Timing – J Hall reported back that vote had been held with full participation of all N2EX members. Proposal to add Month Ahead Contract was Supported – 8 In Favour 4 Indifferent. Proposal to bring forward auction was Opposed - 11 Against 1 In Favour.

Members to produce Business Case for Month Ahead Physical Contract – C Page presented a Business Case document in support of the Month Ahead Physical Contract. Following positive vote N2EX to report back on timeline for implementation at next MC.

2. Modification / Change Management Process

J Hall gave details of the circumstances that led to the log in difficulties during the previous month. Mail from Magnus Haglind details the external server upgrade that caused the malfunction and steps taken to correct the situation and ensure that it cannot be repeated. Change Management Document was redistributed at the meeting and N2EX gave reassurance that all standard procedures continue to be

followed.

3. Results for Member Vote

Results from Member vote are detailed in the Actions Section.

G Reigstad proposed changes to the voting procedures which were accepted by the council. All voting items to be formally presented along with accompanying papers at the Market Council prior to the vote itself.

4. Ofgem Liquidity Review

Council discussed the papers produced by Ofgem and the ongoing liquidity review due for response by April 23. P Beynon stressed the clarity and urgency of the message from Ofgem and the Market's clear responsibility to reform itself. C Page detailed the ongoing analysis of N2EX being carried out by Ofgem with both a June assessment and end of year review. J Hall informed Council of N2EX's intent to respond to the Ofgem Liquidity Review.

Update– N2EX met with Ofgem on June 20th and have now responded to the Liquidity Review - N2EX response is attached to the minutes.

5. Inclusion of Ofgem as NV Member

P Beynon encouraged Council to be wholly open to Ofgem and suggested that inviting the regulator as an observer would be beneficial to all concerned. Council unanimously accepted this proposal. J Hall took an action to invite Ofgem to the May 11 MC.

J Lewington stressed the need for N2EX to include small producers and intensive users at the MC. P Beynon stressed the need for N2EX to highlight the benefits of shape and low cost that a successful N2EX platform could offer to SMEs.

Action J Hall: Produce formal invitation to Ofgem

Action J Hall / R Sarti: Investigate potential invitation of SME's to MC

Update – Ofgem have accepted N2EX's invitation and will participate at the May 11th MC.

6. Derivatives Launch / UK Banking and GCM Update

J Hall gave a presentation on the status of the UK Futures Project. Progress is good within NASDAQ OMX and target is for operational readiness in Late June. A Colley and P Beynon highlighted the need for price history, risk approvals and organic liquidity growth – pointed to a 3 to 6 month readiness period for key participants.

7. Spot Project Update

H Blomfeldt gave an update on the Spot Project with a September timescale for N2EX readiness. P. Beynon stressed the need for extensive testing and volunteered RWE's support as key tester. H. Blomfeldt announced Early May as the target date for testing in Member test site. Market Council proposed a poll of members to view attitude towards market switch.

8. Member Status and Recent Volumes

R Sarti gave an update on membership progress and distributed both a Member Status grid and Volume presentation. Council highlighted urgent need to get key MDP members live.

Council unanimously aired concern over the development of liquidity during March and April. P Beynon, A Colley and M Jackson proposed Market Initiative to discuss situation and seek a suitable remedy. Original MDP group agreed upon a Conference Call for April 19th.

Update: First Hydro and Accord are now live on N2EX. Scottish Power are also close to finalization.

Update: Conference Call for Liquidity Drive took place on April 19th. Participation: EDF Trading, First Hydro, Accord, E.ON, RWE, SSE, Scottish Power and N2EX. M Jackson proposed that all orders be placed upon the N2EX cleared screen up until 9am each day. This proposal was unanimously accepted and procedure to be adopted by all of the above participants from May 4th.

9. AOB

Next Meeting – Tuesday May 11th at Noon – 131 Finsbury Pavement