

MODIFICATION PROPOSAL 0076

SHORT TITLE: Payment of Credits post Failure to Make Payment Notice

DATE: 13th September 1996

PROPOSED IMPLEMENTATION DATE: 25th September 1996

URGENCY: Urgent.

JUSTIFICATION:

Following a review of energy balancing settlement to date, concerns have been raised regarding payments of credits to Shippers when a Failure to Make Payment Notice has been issued, and there are still outstanding energy balancing payments from a previous invoice.

At the Energy Balancing Credit Committee on Friday 6th September, Members agreed that under the above scenario, credits should be withheld until the previous invoice had been settled in full - hence this modification is being proposed.

This eventuality was not envisaged when the Network Code Supplement was drafted as settlement of energy balancing invoices was anticipated to be at monthly intervals and therefore a Failure to Make Payment Notice would have expired prior to the next month's settlement date.

TransCo therefore believe it would be prudent to have this measure in place should the circumstance arise in the future.

CONSEQUENCE OF NOT MAKING THIS CHANGE

Credits would continue to be paid to shippers, thus increasing the net financial exposure in the eventuality of a default.

AREA OF NETWORK CODE CONCERNED

Network Code Supplement, Su 3.

NATURE OF PROPOSAL

When a Failure to Make Payment Notice has been issued to a Shipper, TransCo would be entitled to withhold credits payable to the User, in respect of any subsequent Energy Balancing Charges, until the amounts specified in the Failure to Make Payment Notice have been paid in full. In the event of termination of the User any outstanding credits will be

set-off against any outstanding energy balancing debt.

This proposal would only take effect when invoice "bunching" occurred, i.e. settlement of two energy balancing invoices within 7 business days.

PURPOSE OF PROPOSAL

- i) To ensure Shippers' exposure from energy balancing defaults is not increased when a Failure to Make Payment Notice has been issued.
- ii) To amend the Supplement so that failure to make payment of an energy balancing invoice is consistent with provisions regarding failure to pay a cash call.

IDENTITY OF PROPOSER'S REPRESENTATIVE: Chris Train

PROPOSER : Chris Train
SIGNATURE :
POSITION : Energy Balancing Manager
COMPANY : TransCo

MODIFICATION PANEL SECRETARY'S USE ONLY

Reference Number: 0076

Date Received: 13th September 1996