

11/11/2003

Dear Colleague,

**NOTICE OF IMPLEMENTATION  
MODIFICATION PROPOSAL No: 0609**

"Changes to Energy Balancing Credit Arrangements for the Trading System Operator"

Please note that Modification Proposal No 0609 will be implemented with effect from 06:00 hours on 01/03/2004. The Final Modification Report, Version 1.0, was signed by Ofgem on 11/11/2003.

The new Network Code text resulting from this Modification follows.

**Modified Text:**

**Section X  
NETWORK CODE SUPPLEMENT:  
Energy Balancing Credit Management**

*Add new paragraph 2.10 to read as follows:*

**"2.10 Trading System Operator**

2.10.1 Without prejudice to the implementation of the other provisions of this Supplement in relation to the Trading System Operator, paragraph 2.10.2 shall also apply in relation to the Trading System Operator (and not in relation to any other User).

2.10.2 Where the amount of the Trading System Operator's Outstanding Relevant Balancing Indebtedness exceeds 60% of its Secured Credit Limit:

- (a) Transco shall convene a meeting of the Energy Balancing Credit Committee, to be held as soon as is reasonable;
- (b) the Energy Balancing Credit Committee shall consider the delayed or modified implementation of the provisions of this Supplement in relation to the Trading System Operator; and
- (c) where the Energy Balancing Credit Committee approve the delayed or modified implementation of the provisions of this Supplement in relation to the Trading System

Operator, Transco shall implement the provisions of this Supplement in the manner and for such period as the Energy Balancing Credit Committee have approved.

2.10.3 For the purposes of paragraph 2.10.2(b), the Energy Balancing Credit Committee may:

- (a) delay the application of paragraph 2.6 until such time as the Trading System Operator's Outstanding Relevant Balancing Indebtedness exceeds such other amount as the Energy Balancing Credit Committee approve (which such amount may exceed 100% of the Trading System Operator's Secured Credit Limit);
- (b) authorise Transco to withhold amounts payable to the Trading System Operator by Transco pursuant to any Energy Balancing Invoice until such time as the Trading System Operator's Outstanding Relevant Balancing Indebtedness no longer exceeds such amount as the Energy Balancing Credit Committee have approved;
- (c) authorise Transco to withhold the payment of interest payable to the Trading System Operator pursuant to Section S (and where Transco is so authorised Transco shall be relieved from its obligation to pay interest under Section S);
- (d) authorise Transco to take other such steps in respect of the implementation of the provisions of this Supplement as it considers to be reasonable; and
- (e) require the Trading System Operator to take such steps as it considers, in the context of this Supplement, to be reasonable.

2.10.4 For the purposes of this paragraph 2.10, the Energy Balancing Credit Committee may, for such period as the Energy Balancing Credit Committee determines, request:

- (a) Transco provide details of any steps taken by Transco in implementing the provisions of this Supplement in relation to the Trading System Operator;
- (b) the Trading System Operator provide details of:
  - (i) the levels of security cover and other credit facility and security arrangements in place with Users and third parties for the purposes of the Trading System Arrangements ("**other credit arrangements**");
  - (ii) historic and current levels of utilisation of credit facilities by Users under the other credit arrangements;
  - (iii) current projections of its future cash flows;
  - (iv) of any steps taken by the Trading System Operator in relation to Users pursuant to the other credit arrangements; and
  - (v) a trend analysis of the Trading System Operator's trading activities and data on the movement of the Trading System Operator's Outstanding Relevant Balancing Indebtedness.

and where requested Transco and the Trading System Operator shall provide such information as soon as is reasonably practicable.

2.10.5 Nothing in paragraph 2.10.4 shall require Transco or the Trading System Operator to disclose information which it is otherwise prohibited from disclosing pursuant to the Section V5 or the Trading System Arrangements.

Yours sincerely,

Julian Majdanski  
Modification Panel Secretary