

14/02/2003

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0580**

"Responsibilities following the Appointment of a Supplier of Last Resort"

Please note that Modification Proposal No 0580 was implemented with effect from 06:00 hours on 29/01/2003. The Final Modification Report, Version 3.0, was signed by Ofgem on 28/01/2003.

The new Network Code text resulting from this Modification follows.

Modified Text:

SECTION G - RE-NUMBER PARAGRAPH 2.1.7 AS 2.1.14 AND INSERT NEW PARAGRAPHS G2.1.7 TO 2.1.13 AS FOLLOWS

2.1.7 For the purposes of paragraphs 2.1.8, 2.1.9, 2.1.10, 2.1.11, 2.1.12 and 2.1.13:

- (a) where a User has been given a Termination Notice by Transco (under Section V4), all Supply Meter Points in respect of which the Discontinuing User was the Registered User immediately prior to the User Discontinuance Date shall be known as "**the Terminated Supply Meter Points**";
- (b) a "**Supplier of Last Resort**" is a supplier whom by virtue of Standard Condition 29 of the Supplier's Licence has been **directed** by the Authority to supply gas in accordance with that condition in respect of any or all of the Terminated Supply Meter Points;
- (c) "**the Last Resort User**" is a User who is the first User, following the appointment of the Supplier(s) of Last Resort, to become the Registered User of all of the Terminated Supply Meter Points;
- (d) "**day of issue**" is the Day following the day of notification;
- (e) "**day of notification**" is the Day on which Transco receives written notice from the Authority of the appointment and identity of the Last Resort User;
- (f) "**TSMP Information**" is relevant information (including, but not limited to, Protected Information) relating to the Terminated Supply Meter Points to which the Discontinuing User would have had access through UK Link, immediately prior to the User Discontinuance Date.

2.1.8 Where Transco has given a Termination Notice (under Section V4) to a User and the Authority **directs** a Supplier of Last Resort in respect of a Terminated Supply Meter Point, then notwithstanding any other provision of Code, the Last Resort User shall become the Registered User of the Terminated Supply Meter Points, thereby accepting the benefit of the rights and the burden of obligations under Code, the Framework Agreement and any relevant Ancillary Agreement, in respect of the Terminated Supply Meter Points (including without limitation the

payment of Transportation Charges and Energy Balancing Charges in respect thereof) with effect from and including the date of the appointment of the Supplier of Last Resort.

2.1.9 To assist the Last Resort User in exercising its rights and discharging its obligations in respect of the Terminated Supply Meter Points Transco shall use reasonable endeavours, subject to paragraphs 2.1.11, 2.1.12 and 2.1.13, to provide to the Last Resort User on the day of issue a copy of the TSMP Information which can be accessed by the Last Resort User through UK Link.

2.1.10 (a) Transco shall undertake a review of the Last Resort User's Code Credit Limit and Secured Credit Limit as soon as reasonably practicable following the day of notification, and shall advise the Last Resort User, as soon as reasonably practicable thereafter but in any event not later than 3 Days after the day of notification, of any further security that will be required to be provided by the Last Resort User in accordance with paragraph 2.1.10(b);

(b) in the event that following the review referred to in paragraph 2.1.10(a) Transco notifies the Last Resort User that additional security is required, then the Last Resort User shall be obliged to provide the requisite security in accordance with the Code Credit Rules or Energy Balancing Credit Rules (as appropriate) in favour of Transco **as soon as reasonably practicable thereafter but in any event no later than 14 Days** of the day of notification and upon receipt of that security Transco shall revise the Last Resort User's Code Credit Limit and/or Secured Credit Limit (as appropriate) **as soon as reasonably practicable thereafter but in any event no later than 14 Days** after the **date** of notification **to take effect from the date of that revision;**

(c) in the event that security is required to be provided by the Last Resort User pursuant to paragraph 2.1.10(a) but the Last Resort User fails to provide the security in accordance with paragraph 2.1.10(b), then the Code Credit Limit and/or Secured Credit Limit (as appropriate) shall not be revised pursuant to this paragraph 2.1.10 and Transco shall be entitled to exercise those rights and remedies available to it pursuant to V3.3 or the Supplement, as appropriate.

2.1.11 By virtue of this paragraph 2.1.11 the Discontinuing User hereby is deemed to have given its written consent for the purposes of both paragraph V5.5.2(a) and Section 105 of the Utilities Act 2000 (as amended from time to time) to Transco to disclose to the Last Resort User the TSMP Information pursuant to paragraph 2.1.9 above.

2.1.12 It is acknowledged that the TSMP Information contains information which has been provided to Transco by the Discontinuing User and accordingly the Last Resort User hereby acknowledges and agrees that:

(a) the TSMP Information disclosed to it pursuant to paragraph 2.1.9 above shall not have been independently verified;

(b) it shall be solely responsible for making its own judgement and decision on the TSMP Information disclosed to it;

(c) neither Transco, nor any of its employees, agents, consultants, advisers or directors, accept responsibility for, or make any representation or warranty (express or implied) regarding, the accuracy or completeness of the content of the TSMP Information; and

(d) Transco shall have no liability to the Last Resort User, in respect of any of the contents of the TSMP Information.

2.1.13 For the purposes only of enabling Transco to comply with the provisions of paragraph 2.1.9, the Last Resort User shall execute all such documents, deeds and assignments and perform such acts as Transco may reasonably require, including, without limitation, executing any relevant documents, deeds and assignments, or perform such acts, necessary to ensure compliance with the provisions of the Data Protection Act 1998 (as may be amended from time to time).

SECTION V - AMEND PARAGRAPH 3.2.4 AND INSERT NEW PARAGRAPH 3.2.4(c) AS FOLLOWS:

- 3.2.4 (a) A User's Code Credit Limit may from time to time be reviewed and revised, in accordance with the Code Credit Rules, save where either paragraph 3.2.4(b) or 3.2.4(c) applies, on notice of not less than 30 Days (or any lesser period agreed by the User) to the User:
- (i) at intervals of approximately 12 months;
 - (ii) at the User's request (but subject to paragraph 3.2.7);
 - (iii) where any published credit rating of the User or any person providing surety for the User is revised downwards;
 - (iv) where (but without prejudice to any requirement of the Code Credit Rules) any instrument of surety or security expires or is determined;
 - (v) at Transco's request where at any time Transco has reasonable grounds to believe that the effect of the review will be to reduce the User's Code Credit Limit.
- (b) Where any published credit rating of the User or any person providing surety for the User is revised downwards to the extent that the said credit rating following such revision is less than the minimum prescribed credit rating as set out in the Code Credit Rules, a User's Code Credit Limit may be immediately reviewed and revised by Transco in accordance with the Code Credit Rules, on notice to the User.
- (c) Where a Supplier of Last Resort (as defined in paragraph G2.1.7(b)) has been appointed and paragraph G2.1.8 applies, a Last Resort User's Code Credit Limit may be reviewed and revised by Transco in accordance with paragraph G2.1.10.

THE SUPPLEMENT - AMEND PARAGRAPH 2.2.6 AND INSERT NEW PARAGRAPH 2.2.6(c) AS FOLLOWS:

- 2.2.6 (a) A User's Secured Credit Limit may also be revised, in accordance with the Energy Balancing Credit Rules, save where either paragraph 2.2.6(b) or 2.2.6(c) applies, on notice of not less than 30 Days (or any lesser period agreed by the User) to the User:
- (i) at intervals of approximately 12 months;
 - (ii) where any published credit rating of the User or any guarantor is revised downwards;
 - (iii) where (but without prejudice to any requirement of the Energy Balancing Credit Rules) any Guarantee or instrument of Security expires or is determined;

- (iv) where at any time Transco has reasonable grounds to believe that the effect of the review will be to reduce the User's Secured Credit Limit.

provided that nothing in this Supplement shall require Transco to undertake a review under paragraph 2.2.6(ii) or 2.2.6(iii).

- (b) Where any published credit rating of the User or any guarantor providing security for the User is revised downwards to the extent that the said credit rating following such revision is less than the minimum prescribed credit rating as set out in the Energy Balancing Credit Rules, a User's Secured Credit Limit may be immediately reviewed and revised by Transco in accordance with the Energy Balancing Credit Rules, on notice to the User.

- (c) Where a Supplier of Last Resort (as defined in paragraph G2.1.7(b)) has been appointed and paragraph G2.1.8 applies, a Last Resort User's Secured Credit Limit may be reviewed and revised by Transco in accordance with paragraph G2.1.10.

Yours sincerely,

Julian Majdanski
Modification Panel Secretary