

**TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0666**  
"Revisions to the Management of Cash Call Accounts (Breach of Security Limit) "  
Version 2.0

**Date:** 13/11/2003

**Proposed Implementation Date:**

**Urgency:** Non-Urgent

**Justification**

Following a review by Transco of the Section X of the Network Code and the Energy Balancing Credit Rules ("EBCR"), it was identified that by revising the rules governing the management of Cash Call accounts, the level of risk faced by Users could be reduced. Such a revision would further the objectives of the EBCR, namely to "develop and maintain a Framework for limiting the risk of financial loss to the shipper community resulting from the operation of the Energy Balancing regime". The principle of the proposal has been discussed with the Energy Balancing Credit Committee, and in accordance with its recommendation, Transco has raised this proposal.

**Nature of Proposal**

It is proposed that Section X of the Network Code is modified as follows:

Where a User's indebtedness exceeds 85% of their credit limit, Transco would be allowed to withhold payment of any Energy Balancing Invoice credit item until the User's indebtedness fell below the 85% threshold. In such circumstances, Transco would not pay late-payment interest on the withheld credit value.

**Purpose of Proposal**

The purpose of the proposal is to protect the Shipping Community against potential losses where a User has breached its credit limit.

**Consequence of not making this change**

If the existing provisions for the management of Users Cash Call accounts were maintained, in the event that the User due the credit fails, remaining Users would run the risk of incurring smearing charges.

**Area of Network Code Concerned**

X2.9

**Proposer's Representative**

Alan G Raper (Transco)

**Proposer**

Terry A Grove (Transco)

**Signature**

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