

MODIFICATION 0587 - EXPLANATORY TABLE

Energy Balancing Credit Rules

Notes

1. The table is based on the legal drafting for Modification 0587 submitted by [National Grid NTS] to the [Energy Balancing Credit Committee] on [•].
2. Modification 0587 relates to the credit cover requirements as contained in the Energy Balancing Credit Rules.
3. Modification 0587 will modify Section 2.1c of the Energy Balancing Credit Rules (Cash Call Limit Calculations).
5. Modification 0587 is made under the framework of paragraphs 2.1, 2.2, 2.3 and 2.4 of UNC TPD Section X, which currently govern the requirements relating to security. Since the Cash Call Limits are currently set by Section 2.1c of the Energy Balancing Credit Rules, no modifications are required to any provision of TPD Section X.

Section	Explanation
Modification 0587: Legal Text	
AMENDMENT TO Section 2.1c of the Energy Balancing Credit Rules: (Cash Call Limit Calculations)	
Amended Section 2.1c	<p>Cash Call Limits are currently set by Section 2.1c of the Energy Balancing Credit Rules to be 75% utilisation of peak indebtedness over the last 12 months. Practically, this will be determined for most users by their indebtedness during winter, as at that point their volumes will usually be higher and therefore the same imbalance percentage will have a much higher materiality in pounds. The credit lodged based on a maximum winter value is therefore vastly in excess of the actual exposure that most shippers incur outside of peak periods.</p> <p>The amendments propose to amend Section 2.1c so that Cash Call Limits are only based on values in the last rolling 12 months of the same season as the current season (winter or summer).</p>