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Energy Balancing Credit Rules

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Prepared by Credit Risk Management - Energy

Version 3.17

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Introduction

When a User becomes a party to the Uniform Network Code (UNC) they become responsible for the financial implications of balancing their daily gas flows into and out of the Total System i.e. the National Transmission System (NTS) and the Local Distribution Zones. This responsibility includes the assumption of a share of the credit risk associated with other User's Energy Balancing activity.

National Grid Gas PLC (National Grid NTS) in its capacity as the owner and operator of the NTS and licensee under the Transporter's Licence authorising the conveyance of gas through the NTS, is responsible for managing the energy balancing regime. However, in accordance with UNC Section V National Grid NTS has discharged its responsibility for managing the activities of Section X of the UNC by appointing a Transporter Agency.

Currently Xoserve Limited is appointed as the Transporter Agency.

For the purpose of minimising all Users' exposure to the credit risk associated with other User's Energy Balancing activity, the Energy Balancing Credit Rules have been developed. The Rules are applied, by Xoserve, in order to manage the gas community's financial exposure.

This booklet has been designed to provide existing and prospective Users with all the information they need about the Energy Balancing Credit Rules and how they are applied, in a clear and readily accessible manner.

This booklet aims to answer those questions that are most commonly asked by Users and gives an overview of how credit limits are established, secured and monitored by Xoserve on behalf of the community. For ease of reference we have also provided cross-references to the UNC to provide you with a fuller explanation of a particular legal or technical issue. These references are set out in numbered boxes.

Once you have read this booklet, we will be pleased to discuss your requirements further and to answer any questions that you may have. Contact details can be found in Section 9.

It should be noted that the Energy Balancing Credit Rules apply to energy balancing credit management only.

Whilst all reasonable efforts have been made to verify the information in this document, it can only ever be a high level summary of some of the key provisions in the Uniform Network Code (UNC). This document is not a substitute for reading the detailed provisions of the UNC and must not be relied upon when making any contractual business or other decision. Nothing in this document has any contractual or legal force whatsoever and no representation or warranty is made as to the accuracy or completeness of the information contained herein. Without prejudice to any of the above, all and any warranties whether express or implied, statutory or otherwise are expressly excluded and all and any liability of Xoserve Limited or any Transporter or any member of the Energy Balancing Credit Committee (EBCC) is excluded to the maximum extent permitted at law. No liability for fraudulent misrepresentation is excluded by the above.

It should be noted that this booklet, although referred to, does not form part of the UNC.

Any capitalised terms used in the Energy Balancing Credit Rules (EBCR) shall have the same meaning given to them in the UNC (unless otherwise defined in the Energy Balancing Credit Rules).

The Energy Balancing Credit Rules

The EBCR are the processes and procedures described in this booklet revised from time to time by agreement with the EBCC and they provide the framework by which all Users exposure to financial loss is managed.

Box 1

X2.1.1	The " Energy Balancing Credit Rules " are the rules established by the National Grid NTS dated 1 st March 1996 and so entitled, as from time to time amended in accordance with paragraphs 2.1.4 and 2.1.5.
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Box 2

X2.1.4	With the approval of the Energy Balancing Credit Committee , National Grid NTS may revise the Energy Balancing Credit Rules upon giving notice to all User of not less than 2 months or such shorter period as may in any particular case be approved by the Committee.
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Administration of the Rules

Xoserve Limited has been appointed by National Grid NTS to administer the provisions of Section X.

Box 3

X1.1.2	Users have agreed (inter se) to, and requested National Grid NTS to implement, the provisions of Section X with a view to limiting the extent to which they will incur the liability described in paragraph 1.1.1.
V6.5.1	The Transporters have engaged a person ("Transporter Agency") to undertake the Transporter Agent Activities.
V6.5.2	The "Transporter Agent Activities" are: ... (x) the implementation by National Grid NTS of Section X.

Responsibility for Financial Loss

In the event of an individual User failure all Users are jointly liable for any unpaid Energy Balancing Charge.

Box 4

X1.1.1	The effect of the provisions of Sections F4.5.3(a)(ii) and F6.5.1(a)(ii) is that if a User fails to make payment of any Energy Balancing Charge when due, all other Users may become liable for (in aggregate) an equivalent amount (together with an amount in respect of the cost of financing such non-payment).
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Section 1: The Energy Balancing Credit Committee

1.1 Powers as Credit Risk Manager - Energy

Section X vests several powers to enforce and effectively manage Energy Balancing Operations, as demonstrated in the table below:

Power	Section X
Initiate revisions to Secured Credit Limits	X2.2.6
Release Security	X2.3.4
Identify current Outstanding Relevant Balancing indebtedness	X2.5.1
Issue Cash Call Notices	X2.6.1
Respond to User Cash Call Appeals	X2.7.1
Release surplus Cash Call Account funds	X2.8.6
Issue Notices of Failure to Pay Cash Call	X2.9.1
Issue Failure to Make Payment Notices	X3.2.1
Issue Termination Notices for services pursuant to the Section X	X2.9.3 & X3.2.2
Recover Energy Balancing Debt including realising Security	X3.3.1 & X3.4
Issue Further Security Request	X2.10
Respond to Further Security Request appeals	X2.10

1.2 Powers and duties relating to the Energy Balancing Credit Committee (EBCC)

1.2a General

The EBCC is defined as a Uniform Network Code Committee or any relevant sub committee, and is a body of industry representatives with certain rights and responsibilities relating to the management of the Community's energy balancing credit risk.

The EBCC is chaired by the Joint Office and is attended by up to nine elected User representatives, National Grid NTS's Energy Balancing Credit Risk Manager and Ofgem. The EBCC occasionally invites other persons to attend, in a non voting capacity.

1.2b Members and Appointment

User representatives are elected annually on the 1st October and at other times when vacancies occur. These elections are conducted by the Gas Forum. User representatives are the only persons who are entitled to vote and have the power to appoint an alternate to vote on their behalf.

Where a User representative has not appointed a standing alternate and either:

- Resigns; [or](#)
- Cannot be contacted and is absent from two consecutive regular committee meetings.

The Joint Office, on behalf of EBCC, will contact the company employing that User representative and invite it to nominate a member to serve on an interim basis. If that company declines to make such nomination, the Joint Office will invite one of the other standing alternates to act as a

member on an interim basis. All such interim appointments will expire when the Gas Forum advises the Joint Office that the vacancy has been filled.

Members are representatives in their own right and do not represent the company by which they are employed. With the exception of interim appointments outlined above, the election rules permit no more than one member per company and it is recommended that members should have credit management experience or a minimum of three years experience in the gas industry.

A list of all members and standing alternates is published on the Joint Office website www.gasgovernance.co.uk.

A member may appoint an alternate either on a standing basis or on a meeting by meeting basis. Such appointments shall be made in writing or by email to enquiries@gasgovernance.co.uk. Where it is impracticable to contact the member, a standing member may appoint an alternate for a meeting.

Box 5

X1.2.2	Where this Section X provides for any decision by the Energy Balancing Credit Committee (including any approval or authorisation of anything proposed to be done by National Grid NTS) such decision shall be taken by the affirmative vote of a simple majority of the members of the committee who are appointed to represent Users (and subject to such other procedures as the committee may establish); and the representatives of National Grid NTS who are members of the Uniform Network Code Committee or any relevant sub-committee will not vote on any matter brought before the Energy Balancing Credit Committee pursuant to Section X.
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1.2c Key Principles

The principles that the EBCC will endeavour to adhere to, influence the operational framework that is currently in place to manage Energy balancing credit are:

- To ensure systems, processes and procedures are developed in a manner that is not unduly discriminatory and recognises the circumstances of all Users in Energy Balancing.
- To ensure practice and procedures do not present undue barriers to entry, within the limits of prudent business management.
- To protect the gas industry from avoidable financial loss resulting from User default.
- To encourage appropriate commercial behaviour.

1.2d Meetings

The committee endeavours to meet on a monthly basis, and for the purposes of voting a quorum of three voting members, or appointed alternate(s), is required. Decisions are made by a simple majority.

An agenda for each meeting is published on the Joint Office website at least five Business Days prior to the meeting and minutes published no more than five days after the meeting. A monthly operational summary is also published prior to the meeting.

In addition to the regular meetings detailed above, should the need arise for National Grid NTS to consult with the committee on a particular issue or in relation to any aspect of its functions, an operational meeting can be called.

An operational meeting may be convened at 36 hours notice and for voting a quorum of three voting members or appointed alternate(s) is required. Due to their sensitive nature, minutes of these meetings are only circulated to members and standing alternates.

A teleconferencing facility exists for situations where any meeting cannot be conducted by any other means or as agreed by members.

Where necessary the EBCC may also be convened for an emergency meeting for purposes including, but not limited to, discussion of User Termination.

[A table detailing the high level powers and duties of both the EBCC and National Grid NTS as set out in Section X of the UNC can be found in Appendix 16 of this document.](#)

Section 2: Operation of the Credit Risk Framework

2.1 Terminology

2.1a Secured Credit Limit

The Secured Credit Limit represents the value of the security provided by a User, which in the event of a default may be realised to meet its Outstanding Relevant Balancing Indebtedness. Outstanding Relevant Balancing Indebtedness is defined as invoiced, unpaid Energy Balancing Charges and accrued Energy Balancing Charges for the period which has yet to be invoiced.

Box 6

X2.2.2	For each User the " Secured Credit Limit " shall be the amount determined under paragraph 2.2.3
X2.2.3	The amount referred to in paragraph 2.2.2 is the amount for the time being of the security the User has provided.

2.1b Cash Call Limit

The Cash Call Limit is currently defined as 85% of the Secured Credit Limit. It represents a threshold for indebtedness which, when breached, results in a User being issued with a Cash Call Notice requiring payment of a prescribed amount of cash to National Grid NTS in order to reduce the level of indebtedness to 90% of the Cash Call Limit. This approach aims to prevent a User receiving a series of subsequent small Cash Calls in conjunction with the Further Security Request Process. Payment received as a result of a Cash Call is held in a separate Cash Call Account, those monies may be repaid upon a User's request where indebtedness falls below 90%. Further details of the Cash Call process can be found on pages 18-21 of this document.

Box 7

X2.4.1	For each User the " Cash Call Limit " is the amount, not exceeding 85% of the User's Secured Credit Limit , elected by or assigned to the User in accordance with this paragraph 2.4 as the limit on its Outstanding Relevant Balancing Indebtedness .
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2.1c Cash Call Limit Calculations

New Users

Cash Call Limit for New Users = 3 days non-deliverability at 12 months average System Average Price¹ to represent 85% of the Secured Credit Limit (based upon an estimate of projected annual throughput).

e.g.

User projects 800,000 kWh annual throughput

$$\begin{aligned} & 800,000\text{kWh} / 365 \\ & \quad \times 3 \\ & \times 12 \text{ month average SAP (1.843)} \\ & \quad = \\ & \mathbf{\pounds 12,118.35 (Rounded = \pounds 13,000)} \end{aligned}$$

¹ SAP is published by National Grid NTS at <http://www.nationalgrid.com/uk/Gas/Data/dataitemexplorer>

Existing Users

Cash Call Limit = 75% utilisation of peak indebtedness over last 12 months to represent 85% of the Secured Credit Limit. Where that calculation determines the Users Secured Credit Limit is reduced by more than 50% the Users Secured Credit Limit **may** at the discretion of National Grid NTS be:

- recalculated based on 3 days non-deliverability at 12 months average SAP price in line with the provisions for New User(s); or
- the User may retain the existing level of security (if renewing an existing Security this must be for not less than 12 months).

All Users are required to maintain a minimum level of security at all times, which is currently set at £10,000, in order to provide sufficient protection for the gas community from User failures.

2.2 Types of Acceptable Security

All Users are required to lodge adequate Security in support of their Energy Balancing activity.

Users must lodge security with National Grid NTS to the value of their Secured Credit Limit. In the event of a change in value of the User's Secured Credit Limit, any security lodged would be changed accordingly. Security may be in the form of a Letter of Credit (LOC) or cash accompanied by a Non Registrable Deposit Deed.

In the case that any lodged Security is due to expire and requires renewal, it will have a deemed value of zero one month prior to the actual expiry date.

Box 8

X2.3.1

For the purposes of this Section X "Security" means letter of credit or cash by way of security for a User's indebtedness for Energy Balancing Charges, in the forms specified in, and provided and documented in accordance with any applicable requirements of, the Energy Balancing Credit Rules.

2.2a Letter Of Credit (LOC)

An **Irrevocable Standby Letter of Credit**, issued by a UK branch of a financial institution with a long term credit rating of not less than A3 (see section 2.3) provided by Moody's Investors Services or such equivalent rating by Standard and Poor's Corporation (where such ratings conflict, the lower of the two ratings will be used).

- The Letter of Credit must be issued in favour of National Grid Gas Plc.
- The Letter of Credit will not be accepted unless two authorised signatories are obtained from the Financial Institution.
- The Letter of Credit will have a deemed value of zero for the purposes of security one month prior to maturity.

The accepted format of the Irrevocable Standby Letter of Credit is set out in Appendix 6 and is compliant with the UCP 600 and current prevailing legislation.

2.2b Multiple User Letter Of Credit

A **Multiple User Irrevocable Standby Letter of Credit** issued by a UK branch of a financial institution with a long term credit rating of not less than A3 (see section 2.3) provided by Moody's Investment Services or such equivalent rating by Standard and Poor's Corporation (where such ratings conflict, the lower of the two ratings will be used).

- The Multiple User Letter of Credit must be issued in favour of National Grid Gas Plc.
- The Multiple User Letter of Credit will not be accepted unless 2 signatories are obtained from the Financial Institution.
- The Multiple User Letter of Credit will have a deemed value of zero for the purposes of security one month prior to maturity.
- If this form of Security is the preferred option, the companies that are covered under the Multiple User Letter of Credit must have the same Parent Company (as defined in UNC TPD V3.4.5) in common.
- A side letter outlining the Secured Credit Limits that have been assigned to each User must accompany the Multiple User Letter of Credit.

The accepted format of the Multiple User Unconditional Irrevocable Standby Letter of Credit is set out in Appendix 7. The accepted format of the side letter outlining the credit limits that have been assigned is set out in Appendix 8.

2.2c Non Registrable Deposit Deed

A **Non Registrable Deposit Deed** is a deed containing terms (i.e. protection from default) relating to the depositing of Cash that can be for an amount that is either part or all of the agreed Secured Credit Limit. Cash deposited with National Grid NTS for the purpose of security must be subject to a Non Registrable Deposit Deed.

- The Non Registrable Deposit Deed must be issued in favour of National Grid Gas Plc.
- The Non Registrable Deposit Deed will not be accepted unless returned with two authorised signatories included.
- The cash held in the form of the Non Registrable Deposit Deed will be held in a separate designated account.

The accepted format of the Non Registrable Deposit Deed is set out in Appendix 9.

NB: Any deviation made from the accepted format of the Non Registrable Deposit Deed will result in the rejection of that document.

NB: Xoserve manages all Energy Balancing security activity on behalf of National Grid NTS. In order avoid unnecessary delay, Users should ensure that Letter of Credit and Non Registrable Deposit Deed documentation is provided directly to Xoserve at the address detailed in Section 9 of this document.

2.3 Rating Comparison Table

The following table explains the rating action that will be taken by National Grid NTS in the event that the rating of a financial institution providing Security falls below the acceptable rating. Only financial institutions with a Moody's long term credit rating of A3 or above or Standard and Poor's equivalent as detailed below, will be acceptable. Ratings are monitored daily and in the event that a financial institution is placed on watch for a possible downgrade affected Users may be notified and requested to confirm contingency arrangements. In the case that a downwards rating change occurs Users affected will be notified as soon as reasonably practicable.

Any rating below Moody's A3 or Standard and Poor's equivalent is not acceptable.

Ratings Comparison		Aggregate Limit (Maximum exposure acceptable for an individual Financial Institution)	Rating Action
Moody's	S&P		
Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA-	£62,000,000	Rating is acceptable provided that the maximum Aggregate Limit is not exceeded.
A1 A2 A3	A+ A A-	£25,605,000	Rating is acceptable provided that the maximum Aggregate Limit is not exceeded.
Baa Baa1 Baa2 Baa3	BBB+ BBB BBB-	Zero	Rating is not acceptable. In the event of a downgrade below Moody's A3 or equivalent, User(s) will be notified to provide alternative Security within 30 days . If alternate Security is not provided within 30, the User(s) Secured Credit Limit will be set to zero and indebtedness will be managed via the Cash Call process.
Ba1 Ba2 Ba3 or below	BB+ BB BB- or below	Zero	Rating is not acceptable. In the event of a downgrade below Moody's Baa3 or equivalent, the User(s) will be notified to provide alternative Security and the User's Secured Credit Limit will be set to zero with immediate effect . Indebtedness will be managed via the Cash Call process.

The amount of any costs, expenses or other amounts incurred by National Grid NTS or the Transporters Agent for the procurement of Credit Rating Analytic Services from third parties shall be recovered as an amount to be included within the Adjustment Neutrality amount in accordance with UNC Section F 4.5.3(a) (viii). Such services will be procured following direction and approval by the EBCC under section X2.2.6 (c) and the EBCR.

2.3a Renewal of Security

In the event that a renewal of Security is required, the User(s) will be notified in writing before the expiry date, [to put in place revised Security 30 days prior to the existing Security's expiry](#).

Where a User fails to put in place revised Security 30 days prior to the existing Security's expiry that User will be required to provide an immediate cash payment of an adequate sum (not less than £10,000) to be held until the revised Security is in place.

If accepting this revised Security would cause the Aggregate Limit of a financial institution to be exceeded, the User(s) will be notified by email immediately upon the User notifying National Grid NTS and will be asked to make alternative provisions for Security purposes.

2.3b Rating Downgrades and Security

Should the rating of the financial institution providing Security fall below Moody's rating A3 or Standard and Poor's equivalent (as detailed in Section 2.3), the User(s) will be required to provide acceptable alternative Security within 30 days of National Grid NTS's request.

Notwithstanding the above, the User(s) shall be permitted an extension of 30 days where:

- The User(s) has made a written request for an extension within 7 days of National Grid NTS's request; and
- the User(s) has been required to provide acceptable alternative Security as a result of the rating of a financial institution providing the User(s) Security falling below Moody's rating A3 or Standard and Poor's equivalent once within the preceding 6 months;

User(s) shall be permitted an extension of 60 days where:

- The User(s) has made a written request for an extension within 7 days of National Grid NTS's request; and
- the User(s) has, on two or more occasions within the preceding 6 months, been required to provide acceptable alternative Security as a result of the rating of a financial institution providing the User(s) Security falling below Moody's rating A3 or Standard and Poor's equivalent.

NB: Extension provisions will not apply where a User(s) original Security is due to expire within the extension period.

Where the rating of the financial institution providing Security falls below Baa3 (provided by Moody's Investors Services or such equivalent rating by Standard and Poor's Corporation), or where an insolvency practitioner is appointed to manage the affairs of said financial institution or company, National Grid NTS shall give notice to down grade the User's Secured Credit Limit to zero with immediate effect in accordance with X2.2.6 (b).

For the avoidance of doubt, National Grid NTS will continue to hold the original Security provided until such time as an acceptable alternative has been received and National Grid NTS has confirmed that the replacement security meets the requirements of the Energy Balancing Credit Rules.

2.4 Revisions to a User's Secured Credit Limit

A User's Secured Credit Limit will be reviewed at least every 12 months. However a review may be initiated at any other time if it is deemed there are reasonable grounds to do so in the event that a User's circumstances have changed.

A User may apply at any time to increase its Secured Credit Limit.

Box 9

X2.2.4

A User may apply to increase its Secured Credit Limit by giving notice to National Grid NTS specifying the basis (in accordance with paragraph 2.2.3) for the increased limit and (if the User wishes) the increased limit sought and, where any new or revised Security forms part of such basis, submitting such Security.

Box 10

<p>X2.2.6 (a)</p>	<p>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 (c) applies, on notice of not less than 30 Days (or any lesser period agreed by the User) to the User:</p> <ul style="list-style-type: none">i) at intervals of approximately 12 months;ii) where any published credit rating of a provider of security is revised downwards;iii) where (but without prejudice to any requirement of the Energy Balancing Credit Rules) any instrument of Security expires or is determined;iv) where at any time National Grid NTS 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 Section X shall require National Grid NTS to undertake a review under paragraph 2.2.6(a)(ii) or 2.2.6(a)(iii).
<p>X2.2.6 (b)</p>	<p>Where any published credit rating of a provider of security 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 National Grid NTS in accordance with the Energy Balancing Credit Rules, on notice to the User.</p>

Section 3: Calculation of Outstanding Energy Balancing Indebtedness

3.1 Outstanding Energy Balancing Indebtedness Equation

Outstanding Energy Balancing Invoice + Cumulative Daily Indebtedness + Accrual Adjustments + Outstanding Reconciliation Invoice (or any ad hoc invoices) – Cash Call Account Balance = Outstanding Energy Balancing Indebtedness.

There are **four** key components to this equation: Outstanding Energy Balancing invoice(s), Cumulative Daily Indebtedness, Accrual Adjustments and Cash Call Account Balances.

Outstanding Energy Balancing Invoice(s): The amount invoiced to Users 23 Business Days after month end, which is eight Business Days after the Entry Close-out Date final input allocations (i.e. M+15 Business Days). Note that although the invoice is not due for payment until twelve calendar days after issue, it is still used to calculate the amount of a User's indebtedness.

+

Cumulative Daily Indebtedness: Includes four types of charges; Daily Imbalance Charges, Scheduling Charges, Basic Balancing Neutrality. Charges and Physical Renomination Incentive Charges is measured:

- from the Gas Flow day of the 1st (i.e. the first Gas Flow Day not covered by the last submitted invoice)
- up to the most recent gas flow day, which has:
 - ◇ passed the due date for Users, or their User Agents, to submit initial Entry Allocation Statements (i.e. seven Business Days after the Gas Flow Day or D+7); and
 - ◇ allow one day for information gathering and report production.

+

Accrual Adjustments: following implementation of Modification 0474 (Revision to Indebtedness Cash Call trigger) in December 2001, an Accrual Adjustment for the period D-7 to D-2 is included in the Outstanding Energy Balancing Indebtedness in respect of each of the Daily Imbalance Charges².

–

Cash Call Account Balances: are subtracted to offset the gross indebtedness balance calculated from the sum of the Outstanding Energy Balancing Invoices, Cumulative Daily Indebtedness and Accrual Adjustments as the above.

= Outstanding Energy Balancing Indebtedness

Appendix 5 contains an example of the Daily Energy Balancing Indebtedness Report.

The timing requirements for production of invoices, submissions of data etc. are detailed in Section S and Section X of the UNC. All Users indebtedness is monitored on a daily basis and escalatory actions taken to ensure that exposures are maintained within the agreed tolerances.

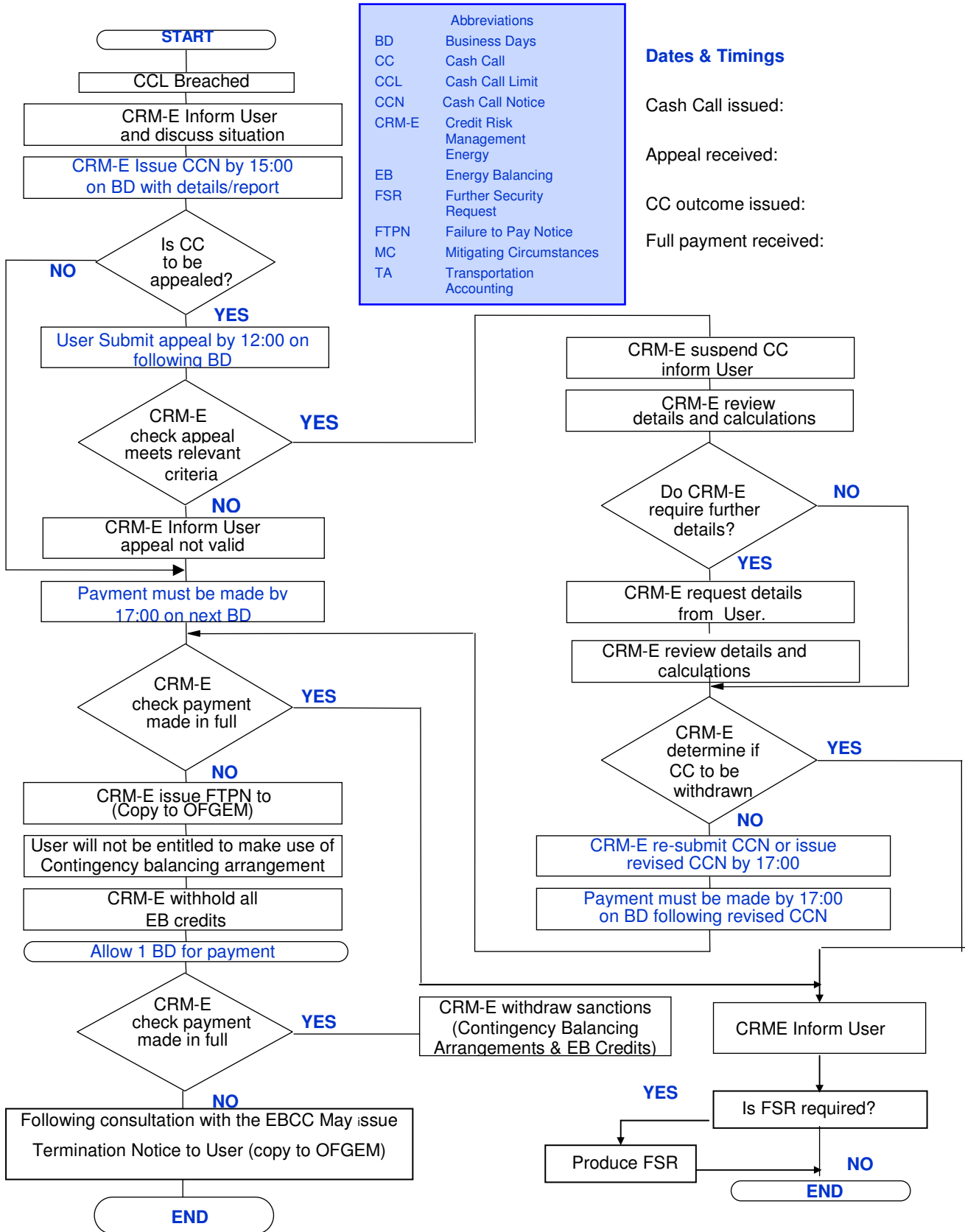
² Following implementation of Mod 0685 the Trading Systems Operator's exposure is based upon actual data for this period, due to its unique position.

3.2 Calculation of Energy Balancing Indebtedness

<u>Day</u>	<u>Date</u>		<u>Business Day</u>	<u>Calculation</u>
Mon	1 Sept		01	<p>Outstanding Energy Balancing Invoice (23 Business Days after month end)</p> <p>Cumulative Daily Indebtedness</p> <p>Accrual Adjustments ('D-7' to 'D-2')</p> <p>Outstanding Reconciliation Invoice or any ad hoc Invoices</p> <p>-</p> <p>Cash Call Account Balance</p> <p>=</p> <p>Outstanding Energy Balancing Indebtedness</p>
Tue	2 Sept		02	
.....	
Fri	26 Sept		20	
Sat	27 Sept			
Sun	28 Sept			
Mon	29 Sept		21	
Tue	30 Sept	Last Gas Flow in current invoice	22	
Wed	1 Oct	First Gas Flow Day not included in current invoice	01	
Thu	2 Oct		02	
Fri	3 Oct		03	
.....	
Fri	17 Oct		13	
Sat	18 Oct			
Sun	19 Oct			
Mon	20 Oct		14	
Tue	21 Oct	Input allocations for previous month finalised ('M+15')	15	
Wed	22 Oct		16	
Thu	23 Oct		17	
Fri	24 Oct		18	
Sat	25 Oct			
Sun	26 Oct	Current 'D+7' Gas Flow Day for use in cumulative indebtedness calculations		
Mon	27 Oct		19	
Tue	28 Oct		20	
Wed	29 Oct		21	
Thu	30 Oct		22	
Fri	31 Oct	September invoice issued	23	
Sat	1 Nov			
Sun	2 Nov			
Mon	3 Nov		01	
Tue	4 Nov		02	
Wed	5 Nov	Current Gas Flow Day	03	

3.2a Cash Call Process Chart

Cash Call Process Flow Chart



Abbreviations	
BD	Business Days
CC	Cash Call
CCL	Cash Call Limit
CCN	Cash Call Notice
CRM-E	Credit Risk Management Energy
EB	Energy Balancing
FSR	Further Security Request
FTPN	Failure to Pay Notice
MC	Mitigating Circumstances
TA	Transportation Accounting

Dates & Timings

Cash Call issued:

Appeal received:

CC outcome issued:

Full payment received:

3.2b Issuing a Cash Call Notice

A Cash Call Notice is issued when a User exceeds its Cash Call Limit and must be issued before 3pm on the same Business Day or it will be treated as having been issued on the next Business Day.

Box 11

X2.6.5	Subject to paragraph 2.6.6, where a Cash Call or Further Security Request is submitted on a Day which is not a Business Day, or after 15:00 hours on a Business Day, it shall be treated as having been made on the next following Business Day.
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3.2c Payment of a Cash Call Notice

Payment must be received [by the following Business Day](#) unless an appeal is lodged. A User shall, subject to Section X2.7, make payment of the full amount of a Cash Call on the Business Day following the Day on which the Cash Call was made.

Box12

X2.8.1	A User shall, subject to paragraph 2.7, make payment of the full amount of a Cash Call on the Business Day following the Day on which the Cash Call was made.
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3.3 Appeals

3.3a Lodging an Appeal

An appeal must be lodged no later than [12.00 hrs](#) on the Business Day on which the Cash Call Notice is due for payment.

Box13

X2.7.1	<p>Where:</p> <ul style="list-style-type: none">a) a Cash Call (the "relevant" Cash Call) has been submitted to a User;b) the amount of the relevant Cash Call, alone or in Aggregate with any other Cash Calls made to the User in the same calendar month, exceeds whichever is the lesser of £1,000,000 and 20% of the User's Cash Call Limit, andc) the User considers that the amount of the relevant Cash Call has been calculated erroneously, <p>the User may, no later than 12:00 hours on the Business Day on which the relevant Cash Call is (in accordance with paragraph 2.8.1, disregarding paragraph 2.7.8(a) due for payment, so notify National Grid NTS, specifying in as much detail as is possible the User's reasons for so considering.</p>
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3.3b Valid Appeal Process

Where a valid appeal is received by the deadline the Cash Call is suspended pending validation. The appeal data is reviewed and the User's indebtedness recalculated.

Box14

X2.7.2	<p>Where a User gives a notification under paragraph 2.7.1:</p> <ul style="list-style-type: none">a) the relevant Cash Call (and the obligation of the User to make payment thereof) will be suspended, subject to paragraph 2.7.3;b) National Grid NTS will review the details provided by the User and will review the calculations made of the User's Outstanding Relevant Balancing Indebtedness;c) if requested by National Grid NTS the User shall provide by telephone or facsimile any further details or explanation of its view.
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Appeal data must be validated and evidenced in the form of a screen print from the Claims Validation Agent, the current agent is Claims Validation Services Ltd.

If the calculation is found to be incorrect, the Cash Call will either be withdrawn or re-issued. Where the Cash Call is re-issued before 17.00 hrs on the second Business Day following its original issue; it is due for payment the Business Day following re-issue. Once a Cash Call is re-issued there is no further right of appeal and payment must be made into the Users Cash Call Account.

If the appeal data is incorrect or insufficient the User will be advised that the original Cash Call remains valid.

Box 15

X2.7.3	<p>Following its review under paragraph 2.7.2(a) National Grid NTS will as soon as reasonably practicable (and wherever possible within 24 hours after the User's notification under paragraph 2.7.1):</p> <ul style="list-style-type: none">a) where it is reasonably satisfied that there has been or may have been such an error, withdraw the relevant Cash Call or revise the relevant Cash Call accordingly and submit the revised Cash Call to the User;b) otherwise, notify the User that the original Cash Call remains valid (and is no longer suspended); <p>And any such revised Cash Call or notification shall be substantially in the form set out in the Energy Balancing Credit Rules, and if given on a Day which is not a Business Day or after 17:00 hours on a Business Day shall be treated as having been given on the next following Business Day.</p>
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3.3c A Cash Call is not appealed and not paid

When the Cash Call is not paid or appealed, the User is issued with a Failure to Pay Cash Call Notice that must be met within one Business Day in order to avoid Termination proceedings potentially being initiated.

3.4 Points for consideration

Where the User's Outstanding Energy Balancing indebtedness exceeds its Cash Call Limit, payment of any Energy Balancing Charges may be withheld until the User's Outstanding Energy Balancing Indebtedness falls below its Cash Call Limit. Late payment interest on the withheld value will not be paid and the invoice value will be transferred into the User's Cash Call Account.

When indebtedness is below 90% of the Cash Call Limit and there is a positive balance in the Cash Call account then the User may request repayment of any amount provided the resultant Outstanding Energy Balancing Indebtedness would not be more than 90% of the Cash Call Limit. The amount will be repaid as soon as it is reasonably practicable following the User request.

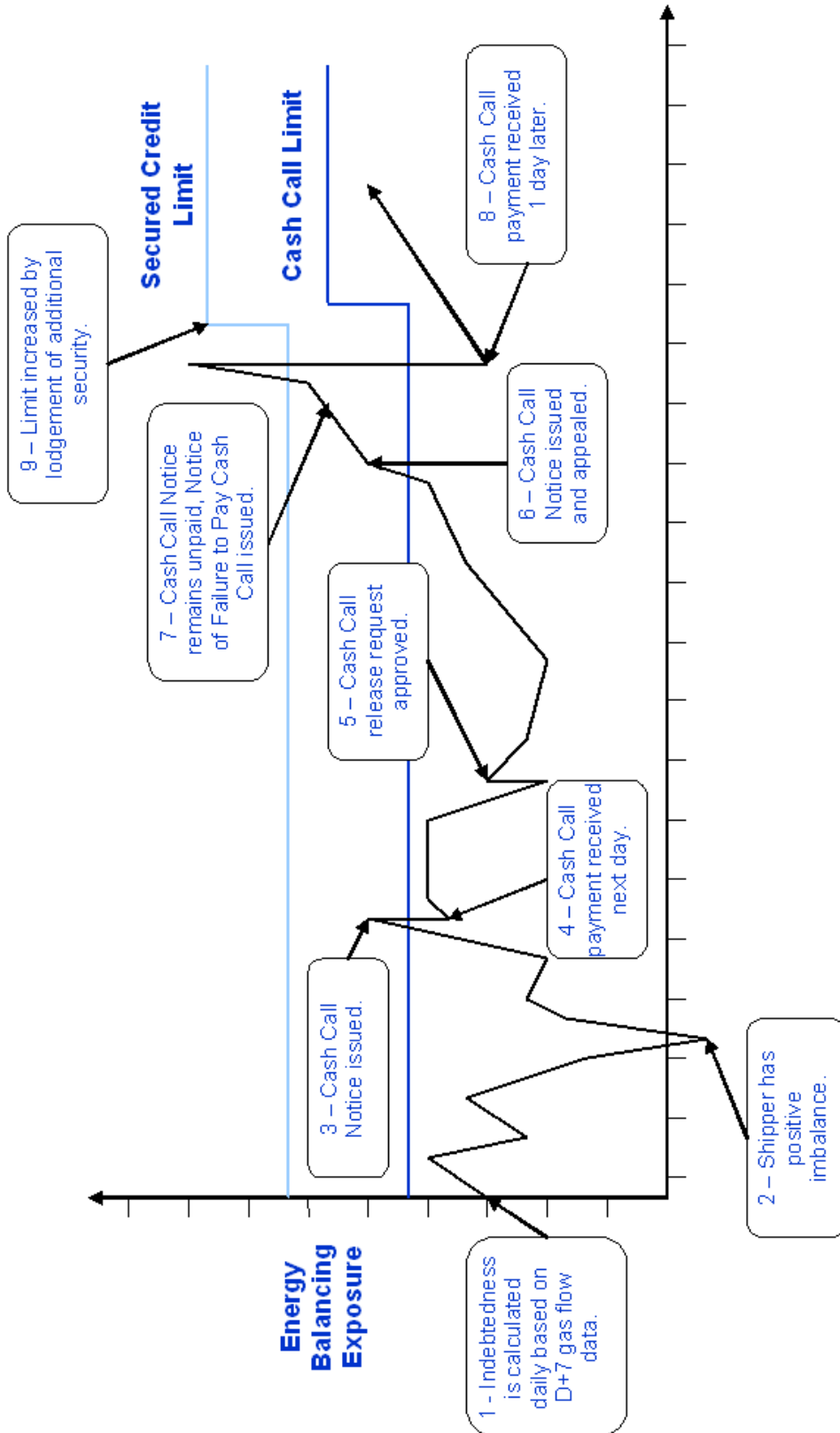
National Grid Gas NTS may ignore a request to return funds if the User was in administration, receivership or default. National Grid Gas NTS may also withhold payment of Energy Balancing Charges and will not pay late payment interest on the withheld value. Again, such monies will be paid into the User's Cash Call Account.

Where a User is issued with more than one Cash Call within a 28 day period, a Further Security Request will be issued. This will require the User to provide further, additional or revised Security to the value of the User's peak exposure in the period in question (the "Measurement Period").

For the avoidance of doubt, a User must maintain the level of Security equal to the level of their total Security value for a [minimum](#) of 90 calendar days i.e. all Security must remain in place for a further 90 days. After this period has lapsed, the User may request the return of their Further Security provided that there have been no Further Security Requests issued in accordance with the provisions of Section X 2.3.4 and 2.3.5.

Illustrative example of the 'Cash Call' process

The diagram below illustrates a series of practical indebtedness scenarios and the resultant actions taken by National Grid NTS and the User:



Section 4: Operation of the Request to Provide Further Security (RPFS) Process

4.1 Request to Provide Further Security Overview

A Request to Provide Further Security is made if a User receives two Cash Calls within the Measurement Period (28 days).

Box 16

X2.6.4

Paragraph 2.10 shall apply where within 28 days of the submission of a Cash Call to a User National Grid NTS submits a further Cash Call (including a revised Cash Call pursuant to paragraph 2.7.3) to the same User

4.1a Calculation of Further Security

To calculate the further Security due, the peak indebtedness is taken from the Measurement Period and is divided by 85%. The current indebtedness is then subtracted and the total is rounded to the nearest thousand pounds.

$$\begin{aligned} \text{e.g.} \quad & 107,500 \text{ (peak indebtedness)} / 85 \times 100 = \\ & 126,470 - 95,000 \text{ (Current Security)} = 31,470 \\ & \text{Further Security (rounded figure)} = 31,000 \end{aligned}$$

4.2 Right of Appeal

A User may appeal by providing data/information in support of the appeal by 12:00 hrs on the 5th Business Day following issue of the RPFS.

Box 17

X2.10.3

Where:

- (a) A Further Security Request (the "**relevant**" Further Security Request) has been submitted to a User; and
- (b) the User considers it inappropriate that it should be required to provide a further, additional or revised Security,

The User may, not later than 12:00 hours on the 5th Business Day following the Day on which the Further Security Request was submitted, so notify National Grid NTS, specifying in as much detail as possible the User's reasons for so considering.

4.2a No appeal is made

A User must lodge the further Security with National Grid NTS by 12:00 hrs on the 8th Business Day following issue of the Request to Provide Further Security.

For the avoidance of doubt, a User must maintain Security equal to their total Security value for a minimum of 90 Days. Any Security lodged in response to a RPFS must remain in place for no less than 90 days following the date of issue. In the event of a subsequent Further Security Request,

all Security must remain in place for a further 90 days from the date of the most recent Further Security Request. After this period has lapsed, the User may request the return of their Further Security provided that there have been no Further Security Requests issued in accordance with the provisions of Section X 2.3.4 and 2.3.5 and UNC section X2.3.

Box 18

X2.10.9	<p>Where a User has not provided the further, additional or revised Security in accordance with the Further Security Request by 12:00 hours on the 8th Business Day following:</p> <ul style="list-style-type: none">(a) the date the Further Security Request was submitted; or(b) where the User has given a notification under paragraph 2.10.4, the date the revised Further Security Request was submitted or the date the User was notified that the Further Security Request remains valid pursuant to paragraph 2.10.5 <p>National Grid NTS shall submit to the User a Failure to Supply Further Security Notice in a form set out in the Energy Balancing Credit Rules. Without prejudice to paragraph 1.2.5, National Grid NTS shall notify the Energy Balancing Credit Committee that such a notice has been issued.</p>
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4.2b Process after an appeal is issued

National Grid NTS will issue a [Suspension Notice](#) and respond to the appeal within 24 hours, wherever possible, and issue a [Notice of Outcome](#) which may:

- Reissue the RPFS if National Grid NTS considers the appeal to be invalid.
- Issue a revised RPFS if National Grid NTS considers the appeal does not fully mitigate the RPFS.
- Issue a withdrawal if National Grid NTS considers the appeal to be fully valid.

NB: National Grid NTS may consult the EBCC if necessary to consider User appeals.

4.2c Right of appeal against a reissued or revised RPFS

There is no further right of appeal following the initial appeal against the RPFS.

Box 19

X2.10.6	<p>A User may not give a further notification under paragraph 2.10.3 to National Grid NTS in respect of a relevant Further Security Request (whether or not revised under paragraph 2.10.5).</p>
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4.2d Lodging the revised or reissued RPFS with National Grid NTS

A User must lodge the revised or reissued Security with National Grid NTS by 12:00 hrs on the 8th Business Day following issue of the original RPFS.

4.3 Notice of Failure to Appeal or Lodge Security

Where a User fails to appeal or lodge Security within the prescribed timescale a Notice of Failure will be issued after 12:00 hrs on the 8th Business Day following issue of the RPFS.

A copy of the Failure Notice is issued to Ofgem.

There is no right of appeal against such notice under UNC.

4.3a Process after a Notice of Failure is issued

A User must lodge the Security referred to in the original RPFS, revised RPFS or reissued RPFS with National Grid NTS by 12:00 hrs on the Business Day following the date of issue of the Notice of Failure.

Box20

X2.10.10

Subject to paragraph 2.10.12, where the User has not provided the further, additional or revised Security in accordance with the Further Security Request by 12:00 hours on the Business Day following the date the Failure to Supply Further Security Notice was submitted and irrespective of the User's Outstanding Relevant Code Indebtedness as at any Day after the submission of the Further Security Request, National Grid NTS shall be entitled to, and as soon as reasonably practicable thereafter may, give Termination Notice to the User (for the purposes of [Section V4.3.3](#)) to the effect that the User shall cease to be a User with effect from the date (which may be any date on or after the date on which the notice is given) specified in the notice and National Grid NTS shall send a copy of any notice given under this paragraph 2.10.10 to the Authority.

4.3b Result of User failure to lodge the Security in accordance with the Notice of Failure with National Grid NTS within the prescribed period

National Grid NTS shall convene an emergency EBCC Meeting to consider Termination of the User.

4.4 Result of RPFS issue

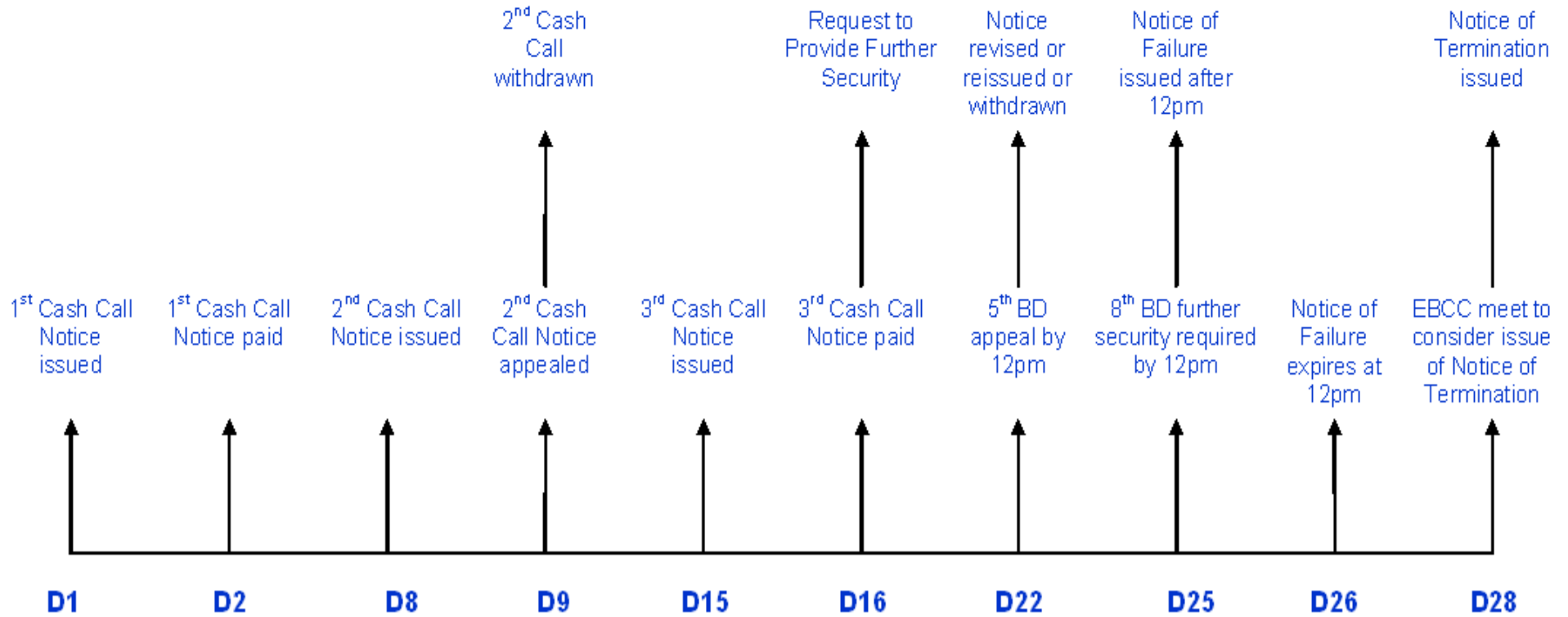
National Grid NTS shall not be under any obligation to pay any credit invoices falling due to a User until the RPFS has been satisfied (Security lodged or RPFS successfully appealed and withdrawn).

Any credit invoice falling due will be paid into the User's Cash Call Account on its due date.

National Grid NTS shall not be liable to pay any interest if a credit invoice is subsequently paid to a User after its due date.

A User must maintain Security equal to their total Security value for a minimum of 90 Days. Any Security lodged in response to a RPFS must remain in place for no less than 90 days following the date of issue. In the event of a subsequent Further Security Request, all Security must remain in place for a further 90 days from the date of the most recent Further Security Request.

Illustrative example of Request to Provide Further Security following issue of Two Cash Calls within a 28 day rolling period



NB: 2nd Cash Call not taken into account for Request to Provide Further Security purposes, as it was appealed successfully

Section 5: Special Conditions Relating to the Trading System Operator

Where the amount of the Trading System Operator's (TSO) Outstanding Relevant Balancing Indebtedness (RBI) exceeds 60% of its Secured Credit Limit (SCL), National Grid NTS shall convene a meeting of the EBCC.

The EBCC shall consider:

- (a) Delaying the issue of a Cash Call Notice to the Trading System Operator until the Trading System Operator's Outstanding Relevant Balancing Indebtedness exceeds such other amount as the EBCC approve (which amount may exceed 100% of the Trading System Operator's Secured Credit Limit).
- (b) Authorising National Grid NTS to withhold amounts payable to the TSO by National Grid NTS pursuant to the Energy Balancing Invoice until such time as the TSO's Outstanding Relevant Balancing Indebtedness no longer exceeds such amount as the EBCC have approved.
- (c) Authorising National Grid NTS to withhold the payment of interest to the Trading System Operate pursuant to section S of the Transportation Principal Document of the UNC
- (d) Authorising National Grid NTS to take such other steps as it considers reasonable.
- (e) Requiring the TSO to take such other steps as it considers to be reasonable.
- (f) Requiring National Grid NTS to provide such other information, data or trend analyses to the EBCC as it considers reasonable.
- (g) Requiring the TSO to provide such other information of the data to the EBCC as it considers to be reasonable; and
- (h) Requiring all data provided by the TSO to be subject to verification from independent audit, the scope of such audit is to be determined by the EBCC. The costs associated to such audit are to be borne to the TSO.

Box 21

X2.11.2	<p>Where the amount of the Trading System Operator's Outstanding Relevant Balancing Indebtedness exceeds 60% of its Secured Credit Limit:</p> <ol style="list-style-type: none">(a) National Grid NTS 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 Section X in relation to the Trading System Operator; and(c) where the Energy Balancing Credit Committee approves the delayed or modified implementation of the provisions of this Section X in relation to the Trading System Operator, National Grid NTS shall implement the provisions of this Section X in the manner and for such period as the Energy Balancing Credit Committee has approved.
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Section 6: Payment of Energy Balancing Invoices

6.1 Failure to pay an invoice

A Failure to Pay Notice (FTPN) will be issued on the next Business Day following the due date where a User fails to pay an Energy Balancing invoice. This will request that the User settles the amount in full by the Business Day after issue. A copy of such notice will be issued to Ofgem and all payments due to the User will be withheld. Late payment interest will not accrue and any monies will be paid into the User's Cash Call Account.

Box 22

X3.2.1	Where a User does not pay the Net Invoice Amount under an Energy Balancing Invoice in full on the Invoice Due Date, notwithstanding Section V4.3.1(a) National Grid NTS shall be entitled to, and as soon as reasonably practicable after the Invoice Due Date will, submit to the User a notice, substantially in the form set out in the Energy Balancing Credit Rules, notifying the User that National Grid NTS will give Termination Notice to the User if the User does not pay the outstanding amount of the Net Invoice Amount in full by the Business Day after the date of such notice.
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6.2 Withholding against an invoice

A User may not withhold against an Energy Balancing Invoice. Payment must be made in full on or before the payment due date, any query raised will be investigated and any adjustment will be made on a subsequent Energy Balancing Invoice.

Box 23

X3.1	It is agreed that, notwithstanding Section S4.2.2 , Users shall pay the Net Invoice Amount under each Energy Balancing Invoice in full on the Invoice Due Date, notwithstanding any Invoice Query (and accordingly that Section S4.3 will apply in respect of any such Invoice Query).
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6.3 A User does not pay on the Business Day following the issue of the Failure To Pay Notice

Where a User does not pay on the Business Day following the issue of the FTPN an emergency meeting of the EBCC will be convened to determine whether or not a Termination Notice should be issued.

Box 24

X3.2.2	Where National Grid NTS has given notice to a User under paragraph 3.2.1 and the User has not paid the outstanding amount of the Net Invoice Amount in full by the Business Day following the date of such notice, National Grid NTS shall be entitled to and, subject to paragraph 3.2.5, as soon as reasonably practicable after such Business Day may, give Termination Notice (for the purposes of Section V4.3.3) to the User to the effect that the User shall cease to be a User with effect from the date (which may be any date on or after the date on which the notice is given) specified in the notice.
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Section 7: Appointment of an Insolvency Practitioner (IP)

Where an Insolvency Practitioner is appointed, they have two Business Days to provide an undertaking. Should the IP (as detailed in Section V4.3.5(b)) fail to provide an undertaking within two Business Days of its appointment, an emergency meeting of the EBCC shall be convened to determine if a Termination Notice should be issued.

It is imperative that the Insolvency Practitioner contacts the Credit Risk Manager as soon as appointed. The Credit Risk Manager can be contacted on 0121 623 2437.

Box 25

X4.1	Subject to paragraph 4.2, where section V 4.3.4 applies, National Grid NTS shall as soon as reasonably practicable, give Termination Notice (for the purposes of Section V4.3.3) to the User to the effect that the User shall cease to be a User with effect from the Day following the date set out in the Termination Notice.
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Box 26

X4.2	Before National Grid NTS shall take the action envisaged by paragraph 4.1, National Grid NTS shall convene a meeting of the Energy Balancing Credit Committee as soon as reasonably practicable following the failure of the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate) to provide those assurances referred to in Section V4.3.5(b) and shall consult with the Energy Balancing Credit Committee to determine whether National Grid NTS should be obliged to issue the Termination Notice, pursuant to paragraph 4.1, or whether National Grid NTS should defer taking such step..
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Box 27

X4.3	Subject to paragraph 1.3, National Grid NTS shall be entitled to take such action as the Energy Balancing Credit Committee recommends pursuant to the meeting referred to in paragraph 4.2.1 as soon as reasonably practicable.
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Section 8: Frequently Asked Questions

1. Why is the Secured Credit Limit greater than the Cash Call Limit?

The Secured Credit Limit is greater than the Cash Call Limit in order to provide a security 'buffer' in the event that a Cash Call is not paid. The buffer is intended to provide cover for potential increases in User Outstanding Relevant Balancing Indebtedness that can occur during the time period between the Gas Flow Day and the day on which either a Cash Call is paid or, in a worst-case scenario, termination proceedings commence.

The table below outlines the period for which the buffer is intended to cover:

Description	Elapsed Days Minimum	Elapsed Days Maximum
Business days after the Gas Flow Day, for which Outstanding Relevant Balancing Indebtedness is being measured, during which Users or their User Agents are required to submit initial Entry Allocation Statements	7	7
Intervening weekend(s)	2	4
Business Days <i>after</i> D+7 Gas Flow Day, during which information is gathered for report generation	2	2
Issue 'Cash Call' notice	-	-
Business Day(s) to appeal Cash Call	-	1
Business Day(s) to review indebtedness calculations	-	1
Business Day(s) to pay Cash Call	1	1
Business Day(s) to issue 'Failure to pay Cash Call' notice	-	1
Business Day(s) to meet Cash Call prior to Termination Notice being issued	-	1
Intervening weekend(s)	-	2
Total	12	20

2. What happens in the event a financial institution's Aggregate Limit is exceeded?

Financial institutions are assigned an Aggregate Limit for the value of Security guaranteed, detailed in section 2.3 of this document. The Aggregate Limit may not be exceeded. In the event that this happens, the User(s) affected will be scaled back as a percentage of usage that is equitability across all Users. The User(s) will be requested to provide alternative Security from another financial institution.

3. What happens in the event that the EBCC members change the Aggregate Limit?

In the event that the Aggregate Limit is reduced, National Grid NTS will advise all affected User(s) of such action and where necessary will scale back all affected Users' Secured Credit Limits proportionately by a % consistent with the % reduction.

In the event that the Aggregate Limit is increased, User(s) can if required, increase their Secured Credit Limit with a financial institution provided that the Aggregate Limit is not exceeded.

4. How often are the Aggregate Limits reviewed?

The Aggregate Limits, once agreed by members of the EBCC will be reviewed at least annually.

5. How often will the financial institutions be monitored to ensure the Aggregate Limits are not exceeded?

The financial institutions are monitored daily. Firstly, to ensure that the financial institutions are at an acceptable rating and secondly to ensure that the financial exposure does not exceed the prevailing Aggregate Limit.

6. What happens in the event that a financial institution has been downgraded?

In the event a financial institution providing Security has been downgraded below Moody's A3 or Standard and Poor's equivalent rating, the User will be contacted by phone on the same Business Day that the downgrade occurred, or as soon as reasonably practicable following such event. In addition, the User will also be notified by email and post.

7. What course of action needs to be taken by the User(s) affected where a financial institution has been downgraded?

The User(s) will be requested to put in place alternative Security with another financial institution within 30 days of the date that the notice was given. The User(s) may apply to National Grid NTS within 7 days of that notice to request an extension of a further 30 days when the User(s) has been required to seek alternative Security once in the preceding 6 months or an extension of 60 days where that requirement has occurred on two or more occasions in the preceding 6 months. Extensions are not permitted where the User's original Security is due to expire within the extension period..

It is advisable to notify National Grid NTS as soon as possible who the alternative Security provider is likely to be. This is to ensure that the financial institution(s) has sufficient headroom and will not exceed the agreed Aggregate Limit outlined in Section 2 of this document. If the alternative proposed Security provider will cause the Aggregate Limit to be exceeded, the User will be advised to again seek an alternative financial institution.

However in the event that a downgrade is below Moody's Baa3 or Standard and Poor's equivalent A-, the User will be notified by phone, email and by post that the User's Secured Credit Limit will be set to zero and the exposure will be managed by the Cash Call Process.

8. What happens if the User has not put in place alternative Security within 30 days of notification of the downgrade?

If the User has not provided an alternative form of Security within the 30 days of the notice given or any extended period, the Users Secured Credit Limit will be set to zero. The User will be contacted by phone, email and writing to advise that this action has been taken and the exposure will be managed by the Cash Call Process.

9. What happens if the alternative financial institution provided, will cause the Aggregate Limit to be exceeded?

The User will again be asked to provide an alternative financial institution to ensure that Aggregate Limit is not exceeded. In order to ensure that this process is as effective and efficient as possible it is imperative that the User engages National Grid NTS in the process at as early stage as possible. User(s) will be treated on a first come, first served basis.

This situation is more likely to arise in the event that a User's Security is due for renewal and the requested revised amount is greater than the original level of Secured Credit Limit currently in place, or if a new User(s) is acceding to the Network Code.

10. Can Security be lodged with more than one financial institution?

Yes, a User's exposure can be secured by any number of financial institutions providing that the financial institution has a Moody's rating of at least A3 or Standard and Poor's equivalent and the value of such Security does not exceed the Aggregate Limit accepted in respect of each financial institution providing security. This will be dealt with on a first come, first served basis.

11. What happens in the event where more than one User requests Security with the same financial institution and by using both will cause the Aggregate Limit to be exceeded, who will be given priority?

In the event where one or more Users request Security with the same financial institution, the User who currently holds security with that financial institution will be given priority providing that the revised Secured Credit Limit will not cause the Aggregate Limit to be exceeded. If the additional Security will cause the Security to exceed the Aggregate Limit, this will be treated on a first come, first served basis.

The User(s) have the option of replacing all of the Security with another financial institution or leaving the existing Security in place and any additional Security with another financial institution. Once the Aggregate Limit is reached for an individual financial institution, the other User(s) will be asked to provide an alternative Financial Institution to provide Security.

This is more likely to happen in the event of a Security renewal where the requested revised amount is greater than the original level of Security or a new User(s) is acceding to the Network Code.

12. What happens to the existing Security that National Grid NTS currently holds in place whilst an alternative Security is being sought?

For the avoidance of doubt, National Grid NTS will continue to hold the original Security provided until such time as an acceptable alternative has been received and National Grid NTS has confirmed that the replacement security meets the requirements of these EBCR's.

13. What happens in the event that a User wishes to place cash as security in the form of a Non Registrable Deposit Deed?

Where a User wishes to provide cash as Security, this must be supported by a Non Registrable Deposit Deed in the form set out under Appendix 9 of these rules. The User must complete and return the Deposit Deed with two authorised signatories in favour of National Grid Gas Plc along with the cash funds agreed by National Grid NTS to the designated deposit account to meet the requirements of Section 2 of this document.

The Deposit Deed will be reviewed by the Credit Risk Team and following the receipt of the Cash funds into National Grid NTS designated deposit Account, confirmation will be sent to the User to confirm that the document meets all requirements. Details of accounts will be provided to Users upon request.

14. What happens in the event that a User requests the return or release of an amount of the cash held pursuant to Non Registrable Deposit Deed?

Providing Section X 2.3 and X2.2.6 of the UNC and the terms of the Deed (Appendix 9) are adhered to, National Grid NTS will agree to release the cash collateral and advise the User of their revised Secured Credit Limit and revised Cash Call Limit. This Secured Credit Limit will be equal to the revised value of the cash held pursuant to Non Registrable Deposit Deed.

15. What happens in the event that a User's renewal results in either a reduction of Secured Credit Limit requirements or an increase in the value required to satisfy the Users Secured Credit Limit?

Providing Section X2.3 and X2.2.6 of the UNC and section 2 of the EBCR are adhered to, in the event where a User is advised by National Grid NTS that a change is required to the level of security held, National Grid NTS will either release such security to the User or request additional security from the User as well as advising the User of their revised Secured Credit Limit and revised Cash Call Limit.

16. Is a Non Registrable Deposit Deed required for every new transaction to increase or decrease the cash held?

No. For the avoidance of doubt, the Non Registrable Deposit Deed is an enduring document so once in place any additional cash placed in the designated deposit account in accordance with the provisions of the Uniform Network Code and/or the EBCR will be secured by the original Non Registrable Deposit Deed and the value will be the new Secured Credit Limit. National Grid will notify the User of their revised Secured Credit Limit and revised Cash Call Limit.

17. What if a User is issued with a Cash Call that is appealed and withdrawn – is that Cash Call used for the purposes of an RPFS?

Notices which have been appealed or withdrawn will not count towards the two Cash Calls within the Measurement Period for the purposes of issuing an RPFS.

18. What impact does Voluntary Discontinuance have on Security?

The Secured Credit Limit of an existing User is based upon peak indebtedness over the preceding 12 months. It may therefore be the case that whilst a User has ceased activity the value of their Security will remain the same. The Secured Credit Limit may be recalculated from time to time upon request.

Security will not be returned until confirmation is received that the User's obligations under UNC Section V4.2 have been discharged and agreement to the discontinuance has been received from the relevant Network Operators.

Section 9: Conclusion & Contact Details

After reading this document you should have a greater understanding of how we operate the Energy Balancing Credit Risk framework, on behalf of Users.

If you require further information please contact Mark Cockayne, Credit Risk Manager - Energy, at the address below:

Credit Risk Management (Energy)
Xoserve Limited
2nd Floor East
31 Homer Rd
Solihull
West Midlands
B91 3LT

Tel: (0121) 623 2437

Appendix 1 : Cash Call Notice (example)

User Name:	[insert name]		
For Gas flow day commencing 6:00 am	[Insert date]	Current Date:	[insert date]
Cash Call Limit:	£x	Cash Call Ref:	[insert reference]
Outstanding Indebtedness	£x		
Cash Call Amount	£x		

The Uniform Network Code Section X requires that Users maintain Outstanding Indebtedness at a level below their Cash Call Limit.

Your current level of Outstanding Indebtedness has exceeded your Cash Call Limit.

You are now required to pay £[insert] in cleared funds by the [insert date] into your Cash Call bank account [insert details].

If this requirement is not met you will be issued with a Notice of Failure to Pay Cash Call. Should you not comply with the terms of that notice then the matter will be referred to the EBCC and the decision may be made to issue a Termination Notice, with the effect that you shall cease to be a User from the specified termination date. After termination, we reserve the right to pursue all outstanding monies in full, which may include, but is not limited to, seeking a winding up order.

National Grid NTS will withhold any amounts owed to you in respect of any Energy Balancing Invoices and shall disregard any request made pursuant to section X 2.8.6 to refund any Cash Call monies held until this Cash Call Notice has been remedied.

For your reference, the indicative calculations used in determining Outstanding Indebtedness are detailed in the attached Daily Energy Imbalance Indebtedness Report.

If you do not agree with the calculation of Outstanding Indebtedness and you intend to appeal against this Cash Call Notice, you should follow the procedure outlined in Section X 2.7.

Credit Risk Manager - Energy

Date

Appendix 2: Notice of Outcome of Cash Call Appeal (example)

User Name:	[insert name]		
For Gas flow day commencing 6:00 am:	[insert date]	Current Date:	[insert date]
Cash Call Limit:	£x	Cash Call Ref:	[insert reference]
Outstanding Indebtedness	£x		
Cash Call Amount	£x		

You were issued with a Cash Call Notice on **[insert date]** requiring payment of £ **[insert]** in cleared funds by **[insert date]** into your Cash Call bank account **[insert bank details]**.

You appealed against the Cash Call Notice in accordance with Section X 2.7. The effect of this action was to suspend the Cash Call Notice.

In response to your appeal we have reviewed the calculations of your Outstanding Indebtedness, and conclude that the initial calculations were correct/incorrect and the Cash Call Amount due has been **[amended/withdrawn]**.

[continue/delete as appropriate] **Therefore this Notice represents a revised Cash Call Notice demanding payment of [insert] in cleared funds by [insert date] into your Cash Call bank account [insert bank details].**

If this requirement is not met you will be issued with a Notice of Failure to Pay Cash Call. Should you not comply with the terms of that notice then the matter will be referred to the EBCC and the decision may be made to issue a Termination Notice, with the effect that you shall cease to be a User from the specified termination date. After termination, we reserve the right to pursue all outstanding monies in full, which may include, but is not limited to, seeking a winding up order.

The indicative calculations used in determining Outstanding Indebtedness are detailed in the attached Daily Energy Imbalance Indebtedness Report.

The Uniform Network Code does not make provision for you to appeal the calculations of Outstanding Indebtedness used in a Notice of Outcome of Cash Call Appeal.

Credit Risk Manager - Energy

Date

Appendix 3: Notice of Failure to Pay Cash Call (example)

User Name:	[insert name]		
For Gas flow day commencing 6:00 am:	[insert date]	Current Date:	[insert date]
Cash Call Limit	£x	Cash Call Ref:	[insert reference]
Outstanding Indebtedness	£x		
Cash Call Amount	£x		

You were issued with a Cash Call Notice on **[insert date]** demanding payment of **[insert sum]** in cleared funds by **[insert date]** into your Cash Call bank account **[insert bank details]**.

This amount has not been paid in accordance with the Cash Call Notice.

Therefore this notice, issued in pursuance of Section X 2.9, represents a final demand for immediate payment of £ [insert sum] in cleared funds into your Cash Call bank account [insert account details].

If payment is not received, on the terms outlined above, by then the matter will be referred to the EBCC and the decision may be made to issue a Termination Notice, with the effect that you shall cease to be a User from the specified termination date. After termination we reserve the right to pursue all outstanding monies in full, which may include, but is not limited to, seeking a winding up order.

National Grid NTS will withhold any amounts owed to you in respect of any Energy Balancing Invoices and shall disregard any request made pursuant to section X 2.8.6 to refund any Cash Call monies held until this notice has been remedied.

The indicative calculations used in determining Outstanding Indebtedness are detailed in the attached Daily Energy Imbalance Indebtedness Report.

The Uniform Network Code does not make provision for you to appeal the calculations of Outstanding Indebtedness used in this Notice.

A copy of this notice has been sent to Ofgem and the EBCC will be informed that this notice has been issued.

Credit Risk Manager - Energy

Date

Appendix 4: Notice of Failure to Pay Energy Balancing Invoice (example)

User Name:	[Insert name]		
Outstanding Invoice:	[Insert date]	Current Date:	[insert date]
Invoice Due Date:	[Insert date]		
Invoice Amount:	£x		
Cash Call Account Balance	£x		
Net Invoice Amount:	£x		

The Uniform Network Code Section X requires that Users pay the Net Invoice Amount under each Energy Balancing Invoice in full on the Invoice Due Date. Payment is required notwithstanding any outstanding Invoice Query.

We have not received payment of your Net Invoice Amount for the Invoice detailed above.

Therefore this notice, issued in pursuance of Section X 3.2, represents a final demand for immediate payment of [insert sum] in cleared funds by [insert date] into the neutrality bank account [insert details].

Once we have received settlement of the invoice, you will be notified of the amount of interest owing in respect of late payment.

If payment in full is not received by **[insert date]** then the matter will be referred to the EBCC and the decision may be made to issue a Termination Notice, with the effect that you shall cease to be a User from the specified termination date. After termination we reserve the right to pursue all outstanding monies in full, which may include, but is not limited to, seeking a winding up order.

A copy of this notice has been sent to Ofgem and the EBCC will be informed that this notice has been issued.

Credit Risk Manager - Energy

Date

Appendix 5: Daily Energy Balancing Indebtedness Report (example)

User: ABC - ABC Energy Limited

As at Gas Day Commencing 6am DD/MM/YY

Description	Energy (kWh)	Rate (p/kWh)	Value
PRI			£0
Flexibility			
Payable to National Grid	0	0.0000	£0
Payable to User	0	0.0000	£0
			£0
Imbalance			
Daily Cashout Payable to National Grid	168,814,925	0.8126	£1,371,798
Daily Cashout Payable to User	2,514,909	0.5778	(£14,530)
			£1,357,268
Scheduling			
Entry Scheduling Charge	143,774,910	0.0366	£52,686
DMC Exit Scheduling Charge	0	0.0000	£0
DMA Exit Scheduling Charge	0	0.0000	£0
			£52,686
INS			
INS Charges			£0
Cash Neutrality			
Basic Balancing Neutrality	4,866,070,454	0.0078	(£381,830)
Accrual Adjustments			
Scheduling			£11,167
Imbalance			£254,162
Neutrality			£0
INS			£0
Uninvoiced Indebtedness			
Payable to National Grid			£1,689,813
Payable to User			(£396,360)
Total Uninvoiced Indebtedness			£1,293,453
Invoiced Indebtedness			
Outstanding Balancing Invoice Amount			£1,000
Outstanding Reconciliation Invoicing Amount			£2,000
Outstanding Adhoc Amount			£500
Total Invoiced Indebtedness			£3,500
Outstanding Notices			
ABC001			£1,000
Total Outstanding Notices			£1,000

Total Energy Balancing			£1,295,953
Cash Call Account Balance			£724
Net Energy Balancing Indebtedness			£1,295,229

Cash Call Limit	£850,000	10% of Cash Call Limit	£85,000
Utilisation	152%	Cash Call Required	£531,000

Appendix 6: Proforma Irrevocable Standby Letter of Credit

To: National Grid Gas plc
1-3 Strand
London
WC2N 5EH
(Company Number 02006000)
("National Grid")

Date: [.....]

- 1 For the purposes of this letter of credit number []³ (this "**Letter of Credit**"):
- (a) the following terms shall (subject to paragraphs (c) and (d) below) have the meanings given to them from time to time in the Uniform Network Code: "**Code**", "**Energy Balancing Charges**", "**LDZ**", "**NTS**", "**Transporters**" and "**Transporter's Licence**";
 - (b) "**Uniform Network Code**" shall mean the document (as the same may be modified, varied or amended from time to time) prepared by the Transporters for the purposes of their Transporter's Licences;
 - (c) in the definitions "**Code**" and "**Transporter's Licence**", "Transporter" shall mean National Grid Gas plc:
 - (i) in its capacity as the owner and operator of the NTS and licensee under its Transporter's Licence authorising the conveyance of gas through the NTS; and
 - (ii) in its capacity as the owner and operator of one or more LDZ(s) and licensee under its Transporter's Licence authorising the conveyance of gas through such LDZ(s); and
 - (d) the term "**Energy Balancing Charges**" includes not only Energy Balancing Charges as defined in and for which the User is liable pursuant to the Code but also Energy Balancing Charges as defined in and for which the User is liable pursuant to the network code of National Grid as it existed prior to 1 May 2005.
- 2 We, by this Letter of Credit, establish in your favour our irrevocable standby letter of credit for the account of [], a company incorporated in [] with registered number [] whose registered office is at []⁴ (the "**User**"). This Letter of Credit is issued in connection with the User's energy balancing indebtedness (being all that indebtedness of the User to National Grid from time to time under, pursuant to, or in respect of, Energy Balancing Charges, irrespective of whether such indebtedness arose prior to, on, or subsequent to the date hereof and/or prior to, on, or subsequent to the Effective Date) (the "**Energy Balancing Indebtedness**").
- 3 We understand that the User may from time to time request you to agree to amendments to, or other variations or extensions of, the terms of its Energy Balancing Indebtedness and that the Code may from time to time be modified, varied or amended. Our obligations under this Letter of Credit, as set out herein, will apply notwithstanding any such modifications, amendments, variations or extensions or the termination of the User as a User under the Code provided that:

³ Insert number.

⁴ Insert full name, company number, country of incorporation and registered address of User

- (a) our maximum liability to you under this Letter of Credit shall not exceed [£]⁵ and
- (b) we shall not be required to pay claims made by you under this Letter of Credit which are received by us after the Expiry Date.
- 4 We shall make payments to you under this Letter of Credit on your written demand for payment provided such demand is presented to us at [.....]⁶ accompanied by your certificate that the User has failed to honour, in whole or in part, its Energy Balancing Indebtedness and the amount of your demand under this Letter of Credit is not greater than the total amount of sums then due and payable to you by the User pursuant to such indebtedness. For the avoidance of doubt it is acknowledged that:
- (a) you may demand payment hereunder on any number of occasions but subject to clause 3(a) above; and
- (b) any demand hereunder may be lawfully made by you or any person on your behalf.
- 5 This Letter of Credit will become effective on [.....]⁷ (the “**Effective Date**”) and will expire on [.....]⁸ (the “**Expiry Date**”) and the demand(s) and certificate(s) referred to in paragraph 4 of this Letter of Credit must be presented to us on or before the Expiry Date. We undertake that all demands made in accordance with this Letter of Credit will be met with due honour.
- 6 This Letter of Credit is a transaction separate from any other on which it may be based.
- 7 This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 revision) International Chamber of Commerce Publication No. 600, and, to the extent not inconsistent therewith, shall be governed by and construed in accordance with English Law. In the event of any dispute relating to this Letter of Credit, we hereby agree to submit to the exclusive jurisdiction of the Courts of England.
- 8 All payments by us under this Letter of Credit shall be made in full, without set-off or counterclaim and, save as provided below, free and clear of any deductions or withholdings in immediately available, freely transferable, cleared funds for value on the date specified in your demand to the account notified by you to us. If at any time we are required by law to make any deduction or withholding in respect of any taxes, duties or other charges or withholdings from any payment due under this Letter of Credit, the sum due from us in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, you receive on the due date and retain (free of any liability in respect of such deduction or withholding) a net sum equal to the sum which you would have received had no such deduction or withholding been required to be made.

Signed by [.....]⁹ as a duly authorised signatory for and on behalf of [.....]⁹

Signed by [.....]¹⁰ as a duly authorised signatory for and on behalf of [.....]¹⁰

⁵Insert maximum amount payable under this Letter of Credit

⁶Insert address of U.K. bank to which demands under this Letter of Credit are to be sent

⁷ Insert effective date

⁸Insert date when this Letter of Credit expires (N.B. You must have alternative security in place before such expiry).

⁹ Insert name of U.K. Bank providing this Letter of Credit

¹⁰ Insert name of U.K. Bank providing this Letter of Credit

Appendix 7: Proforma Multiple User Letter of Credit

To: National Grid Gas plc
1-3 Strand
London
WC2N 5EH
Company No 2006000
(“**National Grid**”)

Date: [.....]

- 1 For the purposes of this letter of credit number []¹¹ (this “**Letter of Credit**”):
 - (a) the following terms shall (subject to paragraphs (c) and (d) below) have the meanings given to them from time to time in the Uniform Network Code: “**Code**”, “**Energy Balancing Charges**”, “**LDZ**”, “**NTS**”, “**Transporters**” and “**Transporter’s Licence**”;
 - (b) “**Uniform Network Code**” shall mean the document (as the same may be modified, varied or amended from time to time) prepared by the Transporters for the purposes of their Transporter’s Licences;
 - (c) in the definitions “**Code**” and “**Transporter’s Licence**”, “Transporter” shall mean National Grid Gas plc:
 - (i) in its capacity as the owner and operator of the NTS and licensee under its Transporter’s Licence authorising the conveyance of gas through the NTS; and
 - (ii) in its capacity as the owner and operator of one or more LDZ(s) and licensee under its Transporter’s Licence authorising the conveyance of gas through such LDZ(s); and
 - (d) the term “**Energy Balancing Charges**” includes not only Energy Balancing Charges as defined in and for which a User is liable pursuant to the Code but also Energy Balancing Charges as defined in and for which a User is liable pursuant to the network code of National Grid as it existed prior to 1 May 2005.
- 2 We, by this Letter of Credit, establish in your favour our irrevocable standby letter of credit for the account of [**User #1**], a company incorporated in [] with registered number [] whose registered office is at [], [**User #2**], a company incorporated in [] with registered number [] whose registered office is at [] and [**User #3**], a company incorporated in [] with registered number [] whose registered office is at []¹², (each being a “**User**” and together the “**Users**”). This Letter of Credit is issued in connection with the Users’ energy balancing indebtedness (being all that indebtedness of the Users to National Grid from time to time under, pursuant to, or in respect of, Energy Balancing Charges, irrespective of whether such indebtedness arose prior to, on, or subsequent to the date hereof and/or prior to, on, or subsequent to the Effective Date) (“**Energy Balancing Indebtedness**”).
- 3 We understand that any or all of the Users may from time to time request you to agree to amendments to, or other variations or extensions of, the terms of its Energy Balancing Indebtedness and that the Code may from time to time be modified, varied

¹¹ Insert number.

¹² Insert full name, company number, country of incorporation and registered address of each User

or amended. Our obligations under this Letter of Credit, as set out herein, will apply notwithstanding any such modifications, amendments, variations or extensions or the termination of any or all of the Users as a User (in this context, as defined in the Code) under the Code, provided that:

- (a) our maximum liability to you under this Letter of Credit shall not exceed [£]¹³ and
 - (b) we shall not be required to pay claims made by you under this Letter of Credit which are received by us after the Expiry Date.
- 4 We shall make payments to you under this Letter of Credit on your written demand for payment provided such demand is presented to us at [.....]¹⁴ accompanied by your certificate that any of the Users has failed to honour, in whole or in part, its Energy Balancing Indebtedness and the amount of your demand under this Letter of Credit is not greater than the Aggregate amount of all sums then due and payable to you by the Users pursuant to such indebtedness. For the avoidance of doubt it is acknowledged that:
- (a) you may demand payment hereunder on any number of occasions but subject to clause 3(a) above; and
 - (b) any demand hereunder may be lawfully made by you or any person on your behalf.
- 5 This Letter of Credit will become effective on [.....]¹⁵ (the “**Effective Date**”) and will expire on [.....]¹⁶ (the “**Expiry Date**”) and the demand(s) and certificate(s) referred to in paragraph 4 of this Letter of Credit must be presented to us on or before the Expiry Date. We undertake that all demands made in accordance with this Letter of Credit will be met with due honour.
- 6 This Letter of Credit is a transaction separate from any other on which it may be based.
- 7 This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 revision) International Chamber of Commerce Publication No. 600, and, to the extent not inconsistent therewith, shall be governed by and construed in accordance with English Law. In the event of any dispute relating to this Letter of Credit, we hereby agree to submit to the exclusive jurisdiction of the Courts of England.
- 8 All payments by us under this Letter of Credit shall be made in full, without set-off or counterclaim and, save as provided below, free and clear of any deductions or withholdings in immediately available, freely transferable, cleared funds for value on the date specified in your demand to the account notified by you to us. If at any time we are required by law to make any deduction or withholding in respect of any taxes, duties or other charges or withholdings from any payment due under this Letter of Credit, the sum due from us in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, you receive on the due date and retain (free of any liability in respect of such deduction or withholding) a net sum equal to the sum which you would have received had no such deduction or withholding been required to be made.

¹³Insert maximum amount payable under this Letter of Credit

¹⁴Insert address of U.K. bank to which demands under this Letter of Credit are to be sent

¹⁵Insert effective date

¹⁶Insert date when this Letter of Credit expires (N.B. You must have alternative security in place before such expiry).

Signed by [.....] as a duly authorised signatory for and on behalf of [.....]¹⁷

Signed by [.....] as a duly authorised signatory for and on behalf of [.....]¹⁸

¹⁷ Insert name of U.K. Bank providing this Letter of Credit

¹⁸ Insert name of U.K. Bank providing this Letter of Credit

Appendix 8: Multiple User Letter of Credit Side Letter

[Multiple User Letter to National Grid Gas plc - Energy Balancing Letter of Credit]

To: National Grid Gas plc
1-3 Strand
London
WC2N 5EH
Company No: 2006000
("National Grid")

Date

Dear Sirs

Letter of Credit dated [insert date] granted by [] in favour of National Grid (the "Letter of Credit")

We refer to the Letter of Credit described above which relates to the liabilities of [insert details of all Users] (each a "User" and together the "Users").

For the purposes of this letter:

- (a) "Uniform Network Code" shall mean the document (as the same may be modified, varied or amended from time to time) prepared by the Transporters for the purposes of their Transporter's Licences;
- (b) the terms "Code", "Secured Credit Limit", "User Default", "LDZ", "NTS", "Transporter", "Termination Notice" and "Transporter's Licence", shall (subject to paragraph (c) below) have the meanings given to them from time to time in the Uniform Network Code; and
- (c) in the definitions "Code" and "Transporter's Licence", "Transporter" shall mean National Grid Gas plc:
 - (i) in its capacity as the owner and operator of the NTS and licensee under its Transporter's Licence authorising the conveyance of gas through the NTS; and
 - (ii) in its capacity as the owner and operator of one or more LDZ(s) and licensee under its Transporter's Licence authorising the conveyance of gas through such LDZ(s).

In consideration of your agreeing to accept one letter of credit in respect of the Secured Credit Limits of all of the Users, we have agreed to enter into this letter and to be bound by its terms.

We acknowledge that:

- (a) **pursuant to the Code, each User has currently been allocated a Secured Credit Limit, as set out below:**

[User 1] Secured Credit Limit: £[]
[User 2] Secured Credit Limit: £[]
[User 3] Secured Credit Limit: £[]

- (b) the total of the Users' individual Secured Credit Limits is currently £[]; and

- (c) the Secured Credit Limit of each User may be altered as provided for in the Code at any time (whether before or after any demand referred to in paragraph number 1 below of this letter). Any such alteration shall not affect the provisions of this letter.

We are writing to acknowledge and confirm our agreement with the following:

1. If a demand is made by National Grid under the Letter of Credit in relation to the liabilities of any one or more of the Users to National Grid, National Grid will, where practicable, discuss with each of the other User(s) whether any of the Secured Credit Limits of the other User(s) need to be adjusted. If the amount demanded is a sum greater than the then Secured Credit Limit of the User(s) in relation to which the demand is made, National Grid will (whether or not it has been able to discuss the same with such other User(s)) be entitled to reduce the Secured Credit Limit(s) of any one or more of the other User(s) as it thinks fit. Any such reduction(s):
 - (a) shall take effect immediately on determination of such reduction by National Grid without the need under the Code or otherwise for any notice or specified amount of notice to the relevant User(s) (and the Users hereby waive any right to any such notice);
 - (b) shall take effect notwithstanding that it may result in National Grid being able to give a Termination Notice to any one or more of the Users and/or cause a User Default to occur in relation to any one or more of the Users.
2. National Grid will notify a User as soon as reasonably practicable of any reduction in its Secured Credit Limit pursuant to paragraph number 1 of this letter.
3. For the avoidance of doubt:
 - (a) in making any reduction in any Secured Credit Limit(s) pursuant to paragraph number 1 of this letter, National Grid owes no duty to any User(s) to make such reduction proportionately or equitably or on any particular basis between any User(s) but shall be entitled to determine the Secured Credit Limit of each particular User as it in its absolute discretion thinks fit; and
 - (b) if subsequent to any reduction in its Secured Credit Limit under paragraph number 1 of this letter any User wishes to increase its Secured Credit Limit it shall only be entitled to do so as provided for in the Code.
4. Each of the Users hereby authorises National Grid to disclose any information it may have in relation to any User (including without limitation its Secured Credit Limit and/ or any actual or proposed security or other arrangements and any proposed change in its Secured Credit Limit whether under this letter or otherwise) to any of the other Users. For the avoidance of doubt, nothing in this letter shall oblige National Grid to disclose any such information.
5. We acknowledge and agree that the rights of and protections afforded to National Grid pursuant to this letter may be exercised and claimed by National Grid and by any person authorised by National Grid.
6. This letter is and is intended to be legally binding and is subject to the laws of England.

Please sign and return to us the enclosed copy to acknowledge your receipt of this letter and confirm your acceptance of its terms.

Yours faithfully

for and on behalf of
[User 1]

for and on behalf of
[User 2]

for and on behalf of
[User 3]

-on duplicate-

We acknowledge receipt of the letter from [Users] dated [] (of which the above is a copy) and confirm our acceptance of its terms.

Yours faithfully

for and on behalf of
National Grid Gas plc

Appendix 9: Proforma Non Registrable Deposit Deed

DATED [] 20[]

ENERGY BALANCING

DEPOSIT DEED

between

[]

and

NATIONAL GRID GAS PLC

also Energy Balancing Charges as defined in and for which the User is liable pursuant to the network code of National Grid as it existed prior to the UNC Date.

- 2.1 In consideration of National Grid agreeing to permit the User to incur (or, as the case may be, to continue to incur) Energy Balancing Indebtedness the User agrees to enter into this Deed and to be bound by the terms hereof.
- 2.2 The User has paid (or will, on the date hereof, pay) the sum of [] pounds sterling (£[]) ¹⁸ to National Grid and may from time to time hereafter pay further sums to National Grid in accordance with the terms of this Deed. All such sums, as well as any interest thereon (together the “**Deposit**”) will be returnable by National Grid to the User, only subject to and in accordance with this Deed.
- 2.3 National Grid shall place the Deposit in a separate bank account which is used for the purpose of holding such collateral and clearly identifiable as such.
- 3.1 The User hereby acknowledges and agrees that the Deposit will be held by National Grid on the express understanding that the User will have no right to receive or require repayment of the Deposit (including, subject to clause 6 any accrued interest) until:
- (a) the User both ceases to be a User for the purposes of the Code and has no present or future, actual or contingent liability to National Grid in respect of Energy Balancing Indebtedness or otherwise (it being acknowledged that the termination of the User as a User under the Code shall not prejudice National Grid’s rights under this Deed); or
 - (b) the User provides any substitute deposit or any security acceptable to National Grid in all respects, to secure the User’s Energy Balancing Indebtedness; or
 - (c) the User has requested a release of this Deed in accordance with the provisions of the Code and pursuant to such request (and the satisfaction of the relevant conditions) National Grid is required to agree to such release.
- 3.2 None of the rights, entitlements or interests which the User may at any time have in or to the Deposit shall be capable of being assigned, transferred, charged, mortgaged or otherwise disposed of to any person other than National Grid at any time whilst the User has any present or future or actual or contingent liability to National Grid in respect of Energy Balancing Indebtedness or otherwise.
- 4 For the avoidance of doubt the parties agree that the required amount of the Deposit and the Secured Credit Limit may be changed from time to time in accordance with the provisions of the Uniform Network Code and/ or the Energy Balancing Credit Rules and to the extent that this shall occur, the User agrees to immediately pay such sums to National Grid as required by the Uniform Network Code and/ or the Energy Balancing Credit Rules which amount will form part of the Deposit and be held in accordance with the terms of this Deed.
- 5.1 Without prejudice to any other right or remedy which National Grid may have under this Deed, the Code or otherwise, National Grid shall be entitled, at its

¹⁸ Insert amount of Initial Deposit

sole discretion, to apply all or any part of the Deposit (thereby reducing the amount of the Deposit) at any time and from time to time in or towards satisfaction of:

- (a) the amount of any sum which has become due for payment in respect of Energy Balancing Charges;
- (b) the amount of any loss or damage suffered by National Grid as the result of any breach of any obligation on the part of the User under this Deed including without limitation the amount of any legal or other costs incurred by National Grid as a result of non-payment of amounts payable or other sums or expense on a full indemnity basis;
- (c) the amount of any Value Added Tax that National Grid is liable to pay in consequence of the receipt of any part of the Deposit;
- (d) any bank charges incurred in relation to the account in which the Deposit is held.

5.2 National Grid shall notify the User in writing as soon as reasonably practicable and in any event within 14 days of any application of the Deposit pursuant to Clause 5.1.

5.3 The User shall immediately, following such notification referred to in Clause 5.2 above, pay to National Grid an amount equivalent to any amount applied pursuant to Clause 5.1, and any further amounts required from time to time to ensure that the total of the Deposit held by National Grid is not less than the amount of the Deposit prior to the date of relevant application and not less than the required amount referred to in Clause 2 as may be amended by the provisions of Clause 4.

6.1 Subject to Clause 6.2, the User may, so long as the User is not in default under any of its obligations to National Grid and not more than once in any 6 month period, request National Grid to pay to the User interest (subject to any deduction of tax as required by law) earned, if any, on the Deposit by National Grid.

6.2 If any sums are owing by the User to National Grid pursuant to this Deed and/or there are outstanding from the User to National Grid any sums of the kind referred to in Clause 5.1 above, National Grid may, instead of paying such of the interest due to the User as is equivalent to the amount outstanding, retain the whole or any part of such interest as an addition to the Deposit and/or apply the whole or any part of such interest in whole or partial discharge (as the case may be) of such outstanding amount and pay the balance of such interest (if any) to the User.

7 National Grid will, if so required in writing by the User, advise the User of the then amount of the Deposit as soon as reasonably practicable after receipt of such request (provided that no more than one such request may be made in any calendar month).

8 Nothing in this Deed shall require National Grid to satisfy any liability of the User out of the Deposit and unless and until National Grid exercises its right to apply the Deposit against any such liability, neither the existence of the Deposit nor the availability of National Grid's rights under this Deed shall have the effect of discharging any liability of the User or of preventing National Grid from enforcing any such liability (or any security which it may hold for, or any other rights it may have in respect of, any such liability) in any manner it thinks fit.

- 9.1 The existence of the Deposit shall not:
- (a) prejudice National Grid's ability to proceed against the User for any breach of any Energy Balancing Indebtedness or any other breach of any other obligation under the Code;
 - (b) entitle the User to withhold any monies or fail to satisfy any Energy Balancing Indebtedness; or
 - (c) be regarded as an advance or deemed payment of any Energy Balancing Indebtedness.
- 9.2 No failure or delay by National Grid in exercising any power, right or remedy under this Deed or at law shall operate as a waiver of it nor shall any single or partial exercise or waiver of any such power right or remedy preclude its further exercise or the exercise of any other power, right or remedy.
- 10.1 This Deed shall:
- (a) be in addition to any present or future Collateral Instrument, right or remedy held by or available to National Grid; and
 - (b) not be in any way prejudiced or affected by:
 - (i) the existence of any Collateral Instrument, rights or remedies; or
 - (ii) any Collateral Instrument becoming wholly or in part void, voidable or unenforceable on any ground; or
 - (iii) National Grid dealing with, exchanging, varying or failing to perfect or enforce any Collateral Instrument; or
 - (iv) National Grid giving time for payment or indulgence or compounding with any person liable under a Collateral Instrument.
- 10.2 National Grid shall not be obliged to make any claim or demand on the User or to resort to any Collateral Instrument or other means of payment now or in future held by or available to it before enforcing this Deed.
- 10.3 National Grid shall not be obliged to apply any money or other property received or recovered in consequence of any enforcement or realisation of any Collateral Instrument or other payment in reduction of the Energy Balancing Indebtedness.
- 10.4 No action taken or omitted by National Grid in connection with any Collateral Instrument or the Code or the Energy Balancing Credit Rules or other payment or any variation, modification, amendment, supplement, novation or replacement of any Collateral Instrument or the Code or the Energy Balancing Credit Rules shall discharge, reduce, prejudice or affect the liabilities or liability of the User under this Deed.
- 10.5 For the purposes of this Clause 10, "Collateral Instrument" means notes, bills of exchange, certificates of deposit and other negotiable and non-negotiable instruments, guarantees, letters of credit, deposit agreements, indemnities and other assurances against financial loss, and any other documents or

instruments which contain or evidence an obligation (with or without security) to pay, discharge or be responsible directly or indirectly for, any indebtedness or liabilities of the User, and includes any document or instrument creating or evidencing an encumbrance, however defined and includes, without limitation, escrow agreements.

- 11 National Grid may assign its rights under this Deed to a person in favour of whom an assignment has been made in respect of the benefit of the Energy Balancing Indebtedness.
- 12.1 National Grid's rights under this Deed are cumulative and not exclusive of any rights provided by law and may be exercised from time to time and as often as National Grid deems expedient.
- 12.2 National Grid's rights under this Deed may be exercised by National Grid (or the Transporter Agency on its behalf) or by any other person authorised by National Grid.
- 13 Subject always to the provisions of Clause 12.2, a person who is not a party to this Deed (including any employee, officer, agent, representative or sub-contractor of any party) shall not have the right to enforce any term of this Deed which expressly or by implication confers a benefit on that person without the express prior agreement in writing of the User and National Grid, which agreement must refer to this Clause.
- 14 Each of the provisions of this Deed is severable and distinct from the others. If at any time one or more of such provisions is or becomes invalid illegal or unenforceable the validity legality or unenforceability of the remaining provisions of this Deed shall not in any way be affected or impaired.
- 15 Subject to Clause 16.6, any notices to be served under this Deed shall be served in accordance with paragraph 5, Section B (headed "Notices and Communications") of the General Terms of the Uniform Network Code.
- 16.1 This Deed shall be governed by and construed in accordance with English Law.
- 16.2 Subject to Clauses 16.4 and 16.5, the courts of England and Wales have exclusive jurisdiction to settle any disputes arising out of or connected with this Deed (including a dispute regarding its formation (including non-contractual disputes), the existence validity or termination of this Deed or the consequences of its nullity) (a "**Dispute**").
- 16.3 Subject to Clauses 16.4 and 16.5, the parties agree that the courts of England and Wales are the most appropriate and convenient courts to settle Disputes between them and accordingly that they will not argue to the contrary.
- 16.4 This Clause 16 is for the benefit of National Grid only. As a result and notwithstanding Clauses 16.2 and 16.3, it does not prevent National Grid from:
- 16.4.1 taking proceedings relating to a Dispute in any other courts (and the User waives any objection to proceedings in such courts on the grounds of venue or on the grounds that proceedings have been brought in an inappropriate forum); or
- 16.4.2 referring a Dispute to be finally settled by arbitration under the Rules of Arbitration and Conciliation of the International Chamber of Commerce by two or more arbitrators appointed pursuant to such Rules.

Appendix 10: Notice to Provide Further Security (example)

User Name:	[insert name]		
Current Cash Call Limit	£x	Current Date:	[insert date]
Current Security Amount	£x	Ref:	[insert reference]
Further Security Requested	£x		

The Uniform Network Code Section X requires that Users maintain Outstanding Indebtedness at a level below their Cash Call Limit.

Your recent level of Indebtedness has been above your Cash Call Limit which has resulted in 2 Cash Calls being issued during the Measurement Period **[insert date]** to **[insert date]**.

This Notice, issued in pursuance of Section X 2.10, represents a request for you to provide further security to the value of £[insert amount] in cleared funds by 12:00 hrs on [insert date].

If this requirement is not met you will be issued with a Failure to Provide Further Security Notice. Should you not comply with that notice then the matter will be referred to the EBCC and the decision may be made to issue a Termination Notice, with the effect that you shall cease to be User from the specified termination date. After termination we reserve the right to pursue all outstanding monies in full, which may include, but is not limited to, seeking a winding up order.

National Grid NTS will withhold any amounts owed to you in respect of any Energy Balancing Invoices and shall disregard any request made pursuant to section X 2.8.6 to refund any Cash Call monies held until this notice has been remedied.

If you intend to appeal against this Notice, you should follow the procedure outlined in Section X 2.10.

Credit Risk Manager - Energy

Date

Appendix 11: Suspension of Notice to Provide Further Security Pending Outcome of Appeal (example)

User Name:	[insert name]		
Current Cash Call Limit	£x	Current Date:	[Insert date]
Current Security Amount	£x	Ref:	[insert reference]
Further Security Requested	£x		

The Uniform Network Code Section X requires that Users maintain Outstanding Indebtedness at a level below their Cash Call Limit.

Your recent level of Indebtedness has been above your Cash Call Limit.

You were issued with a Notice to Provide Further Security requesting that you provide further security of £ [insert amount] in cleared funds by [Insert date].

You have appealed against the Notice to Provide Further Security in pursuance of Section X 2.10. This Notice represents suspension of the Notice to Provide Further Security pending the outcome of the appeal.

Credit Risk Manager - Energy

Date

Appendix 12: Notice of Outcome of Appeal Against Notice to Provide Further Security (Revised) (example)

User Name:	[insert name]		
Current Cash Call Limit:	£x	Current Date:	[insert date]
Current Security Amount:	£x	Ref:	[insert reference]
Further Security Requested:	£x		
Revised Further Security Requested:	£x		

The Uniform Network Code Section X requires that Users maintain Outstanding Indebtedness at a level below their Cash Call Limit.

Your recent level of Indebtedness has been above your Cash Call Limit.

You were issued with a Notice to Provide Further Security on **[insert date]** requesting you to provide further security of **[insert amount]** in cleared funds by 12.00 hrs on **[insert date]**.

You have appealed against the Notice to Provide Further Security in accordance with Section X 2.10. The effect of this appeal was to suspend the Notice to Provide Further Security.

In response to your appeal, we have revised the Notice to Provide Further Security.

This Notice represents the revised Notice to Provide Further Security such that we require the revised further security of [insert amount] in cleared funds by 12.00 hrs on [insert date].

If this requirement is not met you will be issued with a Failure to Provide Further Security Notice. Should you not comply with that notice then the matter will be referred to the EBCC and the decision may be made to issue a Termination Notice, with the effect that you shall cease to be User from the specified termination date. After termination we reserve the right to pursue all outstanding monies in full, which may include, but is not limited to, seeking a winding up order.

National Grid NTS will withhold any amounts owed to you in respect of any Energy Balancing Invoices and shall disregard any request made to refund any Cash Call monies held until this Notice has been remedied.

The Uniform Network Code does not make provision for you to appeal the Revised Further Security Amount used in a Notice of Outcome of Appeal against Notice to Provide Further Security.

Credit Risk Manager - Energy

Date

Appendix 13: Notice of Outcome of Appeal Against Notice to Provide Further Security (Reissued) (example)

User Name:	[Insert Name]		
Current Cash Call Limit:	£x	Current Date:	[Insert Date]
Current Security Amount:	£x	Ref:	[Insert Ref]
Further Security Requested:	£x		
Reissued Further Security Requested:	£x		

The Uniform Network Code Section X requires that Users maintain Outstanding Indebtedness at a level below their Cash Call Limit.

Your recent level of Indebtedness has been above your Cash Call Limit.

You were issued with a Notice to Provide Further Security on **[insert date]** requesting you to provide further security of **[insert amount]** in cleared funds by 12.00 hrs on **[insert date]**

You have appealed against the Notice to Provide Further Security in accordance with Section X 2.10. The effect of this was to suspend the Notice to Provide Further Security.

In response to your appeal, we have revised the Notice to Provide Further Security.

This Notice represents the revised Notice to Provide Further Security and we require the reissued further security of [insert amount] in cleared funds by 12.00 hrs on [insert date].

If this requirement is not met you will be issued with a Failure to Provide Further Security Notice. Should you not comply with that notice then the matter will be referred to the EBCC and the decision may be made to issue a Termination Notice, with the effect that you shall cease to be User from the specified termination date. After termination we reserve the right to pursue all outstanding monies in full, which may include, but is not limited to, seeking a winding up order.

National Grid NTS will withhold any amounts owed to you in respect of any Energy Balancing Invoices and shall disregard any request made to refund any Cash Call monies held until this notice has been remedied.

The Uniform Network Code does not make provision for you to appeal the Reissued Further Security Amount used in a Notice of Outcome of Appeal against Notice to Provide Further Security.

Credit Risk Manager – Energy

Date

Appendix 14: Notice of Outcome of Appeal Against Notice to Provide Further Security (Withdrawn) (example)

User Name:	[insert name]		
Current Cash Call Limit:	£x	Current Date:	[Insert date]
Current Security Amount	£x	Ref:	
Further Security Requested	£x		

The Uniform Network Code Section X requires that Users maintain Outstanding Indebtedness at a level below their Cash Call Limit.

Your recent level of Indebtedness has been above your Cash Call Limit.

You were issued with a Notice to Provide Further Security on **[insert date]** requesting you to provide further security of **[insert amount]** in cleared funds by 12.00 hrs on **[insert date]**.

In accordance with Section X 2.10, you have appealed against the Notice to Provide Further Security. The effect of this action was to suspend the Notice to Provide Further Security.

In response to your appeal, and in pursuance of section 2.10 of Section X, we have concluded that the calculations which resulted in the Notice to Provide Further Security being issued were incorrect and the Notice to Provide Further Security has therefore been withdrawn.

Credit Risk Manager – Energy

Date

Appendix 15 : Notice of Failure To Provide Further Security (example)

User Name:	[Insert Name]		
Current Cash Call Limit	£x	Current Date:	[Insert Date]
Current Security Amount	£x	Ref:	[Insert Ref]
Further Security Requested	£x		

The Uniform Network Code Section X requires that Users maintain Outstanding Indebtedness at a level below their Cash Call Limit.

Your recent level of Indebtedness has been above your Cash Call Limit.

You were issued with a Notice to Provide Further Security on **[insert date]** requesting you to provide further security of **[insert amount]** in cleared funds by 12.00 hrs on **[insert date]**.

The further security requested has not been received in accordance with the Notice to Provide Further Security.

This Notice represents a final demand to provide further security of [Insert Amount] in cleared funds by 12:00 hrs on [insert date].

If the further security requested is not received to the terms outlined above, the matter will be referred to the EBCC and the decision may be made to issue a Termination Notice with the effect that you shall cease to be a User from the specified termination date. After termination we reserve the right to pursue all outstanding monies in full which may include, but is not limited to, seeking a winding up order.

The Uniform Network Code does not make provision for you to appeal the calculations used in a Notice of Failure to Provide Further Security.

A copy of this notice has been sent to Ofgem and the EBCC will be informed that this notice has been issued.

Credit Risk Manager – Energy

Date

Appendix 16: High Level Summary of Powers and Duties under Section X of the UNC relating to EBCC.

Section X paragraph	National Grid NTS's Powers and Duties	EBCC's Powers and Duties
1.2 Energy Balancing Credit Committee		
1.2.3	Consult the EBCC in relation to any function required.	
1.2.3	Convene an EBCC meeting on a reasonable period of notice.	
1.2.4	Defer taking any step until after consultation with EBCC at a convened meeting.	
1.2.5	Will not disclose the identity of Users to the EBCC when discussing matters with the EBCC, unless: <ul style="list-style-type: none"> • the User agrees or • the matter cannot be discussed without disclosure or • National Grid NTS has given a Termination Notice to the User 	
1.2.6	Authorised to delay the implementation or modify any provision upon EBCC approval.	With the approval of the Energy Balancing Credit Committee, National Grid NTS is authorised, in implementing the provisions of this Section X as respects Users or any particular User, to delay the implementation of any such provision or to implement any such provision on a modified basis which is (as respects the interests of Users or the User in question) less onerous than the provision in the absence of such modification.
1.2.7		No individual liability of members of the EBCC for acts done in good faith.
1.2.8		Limits non liability provisions for EBCC members
1.3 Liability of National Grid NTS		
1.3.7	Defend claims against it which are a consequence of taking action.	
1.3.7 (a)	Consult and keep informed the EBCC of any claim and the defence (subject to confidentiality)	
1.3.7 (b)	On EBCC approval, agree settlement in any claims.	
2.1 Security, Energy Balancing Indebtedness and Cash Call Principles		
2.1.4	On EBCC approval, revise the Energy Balancing Credit Rules	

2.1.4	Normally give at least 2 months notice to all Users before revising the Energy Balancing Credit rules. The EBCC can reduce this period in any particular case.	
2.3 Securities		
2.3.2	Consult the EBCC where a User's proposed Security is not substantially in accordance with the Energy Balancing Credit Rules.	Approval of Security not substantially in accordance with the EBCC Rules
2.9 Failure to Pay Cash Call		
2.9.7	Before National Grid NTS shall take the action envisaged by paragraph 2.9.3, of Section X National Grid NTS shall convene a meeting of the Energy Balancing Credit Committee as soon as reasonably practicable on or after one Business Day following the date of the notice given to the User pursuant to paragraph 2.9.1 and shall consult with the Energy Balancing Credit Committee to determine whether National Grid NTS should be obliged to issue the Termination Notice, pursuant to paragraph 2.9.3, or whether National Grid NTS should defer taking such step.	To determine whether National Grid NTS should be obliged to issue the Termination Notice pursuant to paragraph 2.9.3 or whether National Grid NTS should defer taking such step.
2.10 Further Security Request		
2.10.9	Notify the EBCC on issuing a Failure to Supply Further Security notice.	
2.10.12	Convene a meeting with the EBCC to consult with them whether to issue or defer the issue of a Termination Notice following the issue of a Failure to Supply Further Security Notice.	
2.11 Trading System Operator		
2.11.2 (a)	Convene a meeting with the EBCC where the amount of the Trading System Operator's outstanding relevant balancing indebtedness exceeds 60% of its Secured Credit Limit.	
2.11.2 (b)		The EBCC shall consider the delayed or modified implementation of the provisions of the section in relation to Trading System Operator.
2.11.2 (c)	Implement the provisions as determined by the EBCC	
2.11.3 (a)		Delay the application of paragraph 2.6 (Cash Calling) until indebtedness exceeds such amount that the EBCC approves.
2.11.3 (b)	Withhold amounts payable as instructed by the EBCC	Authorise National Grid NTS to withhold amounts payable until indebtedness no longer exceeds pre-approved amount.
2.11.3 (c)	Withhold interest payable as instructed by the EBCC	Authorise National Grid NTS to withhold interest payable pursuant to Section S.

2.11.3 (d)	Take steps authorised	Authorise National Grid NTS to take steps in relation to the implementation it considers reasonable.
2.11.3 (e)		Require that Trading System Operator take such steps it considers reasonable pursuant to Section X
2.11.4 (a)		Request National Grid NTS to provide details of any steps taken, to be provided as soon as reasonably practical.
2.11.4 (b) (i)		Request the Trading System Operator to provide details of the levels of security arrangements in place with Users and 3 rd parties for the purposes of the Trading Systems Arrangements, to be provided as soon as reasonably practicable
2.11.4 (b) (ii)		Request the Trading System Operator to provide details of the historic and current levels of utilisation of credit facilities by Users and other credit arrangements, to be provided as soon as reasonably practicable..
2.11.4 (b) (iii)		Request the Trading System Operator to provide details of the current projections of its future cash flows, to be provided as soon as reasonably practicable.
2.11.4 (b) (iv)		Request the Trading System Operator to provide details of any steps taken in relation to Users pursuant to other credit arrangements, to be provided as soon as reasonably practicable.
2.11.4 (b) (v)		Request the Trading System Operator to provide details of a trend analysis of its trading activities and movement of Outstanding Relevant Balancing Indebtedness, to be provided as soon as reasonably practicable.
3.2 Failure to make payment		
3.2.3	National Grid NTS will send a copy of any notice given under paragraph 3.2.1 or 3.2.2 to the Authority (Ofgem) and without prejudice to paragraph 1.2.5 will notify the Energy Balancing Credit Committee that such a notice has been issued.	
3.2.5	Convene a meeting with the EBCC as soon as reasonably practicable on or after the Business Day following the date of notice given to User to determine whether National Grid NTS should issue a Termination Notice.	
3.4 Enforcement and Recovery Steps		
3.4.2	Direct National Grid NTS as to what Recovery steps (if any) to take to recover Energy Balancing Debt from a defaulting User and to enforce and realise the Security provided by a defaulting User.	

<u>4. Appointment of Receiver</u>		
4.2	Convene a meeting with the EBCC as soon as reasonably practicable following the failure of the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner to provide assurances referred to in Section V4.3.5 (b) and to determine whether to issue or defer issuing the Termination Notice.	
4.3	Take such action as the EBCC recommends pursuant to the meeting.	

Modification History

Below are two tables listing modifications implemented that have impacted on UNC Section X, the tables are separated into historical modifications implemented up to 2005 and contemporary modifications implemented to date.

Table 1 – Transco Network Code Modifications

Mod Number	Title	Date Proposed
0073	Drafting Anomaly – Calculation of Indebtedness	11.09.96
0103	Removal of Secured Credit Limit	18.11.97
0313	Modification of Energy Balancing Regime	10.05.99
0474	Revision to Indebtedness Cash Call Trigger	19.06.01
0475	Termination of User in Receivership	19.06.01
0521	Where a Guarantor is downgraded to any speculative rating, removal of the notice period required for the revision of a User's Secured Credit Limit and Code Credit Limit	20.12.01
0525	Termination of User who seeks or becomes subject to the appointment of an administrator, liquidator, conservator, trustee or similar official for it or for all or substantially all of its assets.	14.01.02
0572	The provision of Letters of Credit for Energy Balancing credit cover.	30.07.02
0580	Responsibilities following the appointment of a Supplier of Last Resort	28.08.02
0609	Minimum level of security for Energy Balancing	15.01.03
0665	Revision to the management of Cash Call Accounts (User in default)	13.11.03
0666	Revision to the management of Cash Call Accounts (Breach of Security Limit)	13.11.03
0685	Amendment to Pre Termination Processes and Associated EBCC Referrals	09.03.04
0737	Failure to Cash Call Notices (reduced timescales)	14.12.04

Table 2 – Post UNC Modifications

Mod Number	Title	Date Implemented
0026	Application of Charges consistent with Late Payment of Commercial Debts (Interest) Act 1998	01.02.06
0103	Introduction of the right for the Energy Balancing Credit Committee to instruct National Grid NTS as to appropriate Recovery Steps in respect of Energy Balancing debt.	25.11.06
0125	Introduction of new balancing neutrality charge for the cost of residual balancer collateral on the OCM.	01.02.07
0143	Failure to Pay Further Security Requests and Failure to Pay Energy Balancing Invoices (reduced timescales)	05.10.07
0152V	Limitation on Retrospective Invoicing and Invoice	01.04.08

	Correction	
0234	To Correct Drafting Inconsistencies between Section X and Section V of the UNC in respect of User Default and Termination	29.01.09
0235	Recovery of Debt and Smearing of Revenues via Energy Balancing Neutrality	01.04.09
0336	The Introduction of a Balancing Neutrality Adjustment Charge for Cost Recovery Associated with Rating Services.	21.02.11

Document Control

Version	Status	Date	Author(s)	Summary of Changes
3.7	Draft	18/04/2008	L. O'Shaughnessy	Amended version 3.6 Approved as per changes agreed at the EBCC Meeting on 18 th April 2008
3.7	For review	16/5/2008	L. O'Shaughnessy	Amended version 3.7FR as agreed at the EBCC Meeting on 18 th July 2008 All updates as per Review & Approval Form Version 3.7FA dated 29.07.08
3.7	For Approval	29.7.08	L. O'Shaughnessy	All updates approved at EBCC Meeting held on 18 th July
3.7	Approved	6.8.08	L. O'Shaughnessy	Issued to members via Joint Office Website and email.
3.8	Draft	13/10/08	S. Dworkin	Amended version 3.8 draft as per changes agreed at the EBCC Meeting on 10/10/08.
3.8.2	Final Approved	14/10/08	S Dworkin	Majority approval received 14/10/08
3.8.3	For Approval	30/01/09	S. Dworkin	Update Section 2.93, 2.10.10 and 3.2.2 as per Mod 234 Inconsistencies between drafting of Section X and V of UNC
3.9	For Review & Approval	16.01.09	L. O'Shaughnessy	Amended V3.8.3 Approved to include revisions to Section 2.2 with inclusion of Rating Comparison Table and Q&A. Section 4.2 How is Further Security Calculated inclusion of spaces and coma to formula. Appendix 7 Proforma Multiple User Letter of Credit. Paragraph 5 'this letter of credit must be presented to us on or before expiry date. Delete 'by you' Section 4.5 add 'Calendar' days to make it more explicit.
3.9V2	Final Approved	12.2.09	L. O'Shaughnessy	Majority approval received 12/2/09 to take immediate effect.
3.10v1	Draft	14.4.09	L. O'Shaughnessy	Further explanation required in section 4 around Further Security Requests in respect of 90 days holding as per section X2.3.4 and X2.3.5. In addition amendments to Apendices in accordance to changes from Mod 234 as follows:- change to date (Which may be any date on or after the date on which the notice is given) specified in the Notice.

3.10V1	Approved	17.4.09	L. O'Shaughnessy	All above amendments (V3.10 DraftV1) approved at the EBCC meeting held on 17/4/09 Operational meeting. To be published on Joint Office Website UNC related documents.
3.11	Draft for Approval	16..06.09	J Bradley	Draft changes to reflect proposals for quorum. Amendments to section 1.2. Powers & Duties relating to the EBCC.
3.11	Approved	13.07	L. O'Shaughnessy	Amend Section 1.2 the paragraph starting ' The Joint Office, on behalf of EBCC,.....' where a member resigns/cannot be contacted and we have approached that company to select an alternate for an interim period I don't think this should be subject to the EBCC approving that appointment . The person proposed should meet the criteria that all members have to and if they do then they should serve as the interim member until such times as the Gas Forum fill the vacancy. Remove EBCC approving this appointment.
3.12	Draft for Approval	18.09.2009	L. O'Shaughnessy	Amend Section 2.1 At the EBCC ace to face meeting in June, further clarity was required to Section 2.1 to the paragraph in the Energy Balancing Credit Rules on 'How is the Cash Call Limit Calculated for Existing Users'. Mark suggested comments highlighted in section 2.1. Julie McNay suggested removing the last sentence as it may intimate that a User could incorrectly estimate their throughput to set their secured Limit. Mark agreed and suggested replacing the red text as detailed. Approval is to agree to this change.

3.12 V2	For Review & Approval	22/9/09	L. O'Shaughnessy	<p>As per David Travellion's suggested text dated 22/9/09 Change text to:- Calculation will initially be based on 75% utilisation of peak indebtedness over last 12 months to give a figure that represents 85% of the Secured Credit Limit. Where the result of such calculation determines that the User's Secured Credit Limit is reduced by more than 50%, the User's Secured Credit Limit may, at the discretion of National Grid NTS be;</p> <ul style="list-style-type: none"> • recalculated based on 3 days non-deliverability at 12 months average SAP price in line with the provisions for New Users; or • the User may retain existing level of Security. <p>In any event, each User will be required to maintain a minimum level of security at all times which is currently set at £10,000. Typo error on page 33 Cash Call Notice, change we receive the right to we reserve the right.</p>
3.12 V2	Approved	24.9.09	L. O'Shaughnessy	Quorate decision reached to agree with above text.
3.13.V1	For Approval	3.3.2011	L. O'Shaughnessy	As a result of Modification 336 being implemented on 21 st February 2011. Additional text has been added to page 13 to provide further clarity. Further to discussion at the EBCC meeting on 25/2/11 an amendment has been made throughout the document to change xoserve to Xoserve. Typo errors not picked up previously through the review process have been made to the Further Security Notices to make them consistent with what has previously been agreed and stated in UNC Section X.
3.14 V1	Draft for Approval	08.04.2011	L. O'Shaughnessy	Implementation of Non Registrable Deposit Deed as an acceptable form of Security in the form of Cash. Replacement of Appendix 9 and updates to section 2.2.

3.14 V2	Draft for Approval	24.06.2011	L.O'Shaughnessy	Agree Revised draft of Non Registrable Deposit Deed as an acceptable form of Security to replace Appendix 9 and updates to Section 2.2 and add more clarity on providing 2 signatories on Letter of Credits. Also Change to Appendix 7 and Appendix 8 paragraph a
3.14 V2	For Approval	19.07.2011	L.OShaughnessy	Agree to changes as discussed at EBCC meeting on 24//6/11. Changes to fonts have been amended for consistency and the order of the Security section 2.2. Updated amendments from EBCC Members as documented in the Review and Approval Form V3.14.V2
3.14.V2	Approved	29.07.11	L.OShaughnessy	EBCC meeting on 29 th July 2011. EBCC members confirmed acceptance of this version of the EBCR to become effect on 1 st October 2011.
3.15 V1	Draft for approval	6.12.11	L.OShaughnessy	Due to recent downgrades to Financial Institutes, The rating comparison table has been reviewed requiring approval from EBCC members.
3.15 V1	Approved	7.12.11	L.O'Shaughnessy	EBCC Quorate decision reached on 7 th December 2012 to publish revised Rating Table with immediate effect.
3.16 V1	Approved	29.06.12	S.Moody	EBCC Quorate decision reached on 29 th June 2012 to publish revised paragraph 2.2a with immediate effect.
3.17 V1	Draft for approval	27.07.12	S.Moody	Amendment to document branding, addition of section 2.3 exception, all notices amended for clarity, definition section included, modification tables created. Redrafted text for clarity and continuity where required. Diagrams modified to improve visual impact and correct language/ conformity. Further examples included for calculating security.

Reviewers

Name	Reviewer Status	Approved by
Jonathan Wisdom	Voting Member	
David Trevallion	Voting Member	
Richard Fairholme	Voting member	
Gavin Ferguson	Voting Member	
John Costa	Voting Member	
David Holland	Voting Member	

Management Approval

Name	Role	Business Area
Mark Cockayne	Credit Risk Manager	Customer Operations Xoserve