UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION X – ENERGY BALANCING CREDIT MANAGEMENT

1 GENERAL

1.1 Introductions

1.1.1 The effect of the provisions of Section F4.5.3(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).

1.1.2 Users have agreed (inter se) to, and requested National Gas Transmission to implement, the provisions of this Section X with a view to limiting the extent to which they will incur the liability described in paragraph 1.1.1.

1.1.3 Nothing in this Section X shall modify the provisions referred to in paragraph 1.1.1.

1.1.4 This Section X is independent of and shall apply separately from the provisions of Section V3 (which relates to indebtedness of Users other than in respect of Energy Balancing Charges).

1.1.5 In this Section X "**Energy Balancing Invoice**" means an Invoice Document in respect of any Energy Balancing Charges or interest thereon.

1.2 Energy Balancing Credit Committee

1.2.1 Subject to paragraph 1.2.2 the "**Energy Balancing Credit Committee**" is the Uniform Network Code Committee or any relevant sub-committee.

1.2.2 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 Gas Transmission) 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 Gas Transmission 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 this Section X.

1.2.3 National Gas Transmission may consult with the Energy Balancing Credit Committee in relation to any aspect of its functions under this Section X, and may at any time convene a meeting of such committee on any reasonable period of notice.

1.2.4 Where National Gas Transmission has any reasonable grounds for wishing to consult with the Energy Balancing Credit Committee in relation to any step required to be taken under this Section X, National Gas Transmission may (where it has convened a meeting of such committee for the purposes for the earliest reasonable date) defer taking such step until it has consulted with such committee.

1.2.5 Where National Gas Transmission brings to the Energy Balancing Credit Committee any matter relating to a particular User, National Gas Transmission will not disclose the

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identity of the User to the committee unless:

(a) the User in question agrees to such disclosure; or

(b) it is not practicable for the matter in question to be considered by the committee without the identity of the User being disclosed or becoming apparent; or

(c) National Gas Transmission has given Termination Notice to the User (but this paragraph (c) shall not of itself require National Gas Transmission to inform the committee of the fact that it has given such notice to any User).

1.2.6 With the approval of the Energy Balancing Credit Committee, National Gas Transmission 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 member of the Energy Balancing Credit Committee shall be liable (whether in contract or tort including negligence or otherwise) to National Gas Transmission or any of the Users for anything done when acting properly in or in connection with their office under the Code, or anything done in what such member in good faith believes to be the proper exercise and discharge of the powers, duties, functions and discretions of that office in accordance with the Code; and each User and National Gas Transmission waives any such liability that any such member may have and any claim in respect thereof.

1.2.8 Nothing contained in paragraph 1.2.7 shall exercise or limit the liability of a member of the Energy Balancing Credit Committee:

(a) for death or personal injury resulting from the negligence of such member; or

(b) in any case where such member has in the exercise and discharge of its powers, duties, functions and discretions acted in bad faith or fraudulently.

1.2.9 Where a member of the Energy Balancing Credit Committee is also a member of the Credit Committee (as defined in the DSC) (**"relevant member"**) the relevant member shall not, and shall not be required to, disclose to the Energy Balancing Credit Committee information known to the relevant member by reason only of the relevant member's membership of the Credit Committee.

1.3 Liability of National Gas Transmission

1.3.1 Users acknowledge that the calculation of Energy Balancing Charges and other matters to be calculated under this Section X involves the possibility of error; and agree (subject to paragraph 2.7) to make the payments required under this Section X, and that National Gas Transmission is to take the steps contemplated by this Section X, notwithstanding any such error (on the basis that any necessary repayments or additional payments will be made following resolution of any such error).

1.3.2 Notwithstanding paragraph 1.3.1 and the provisions of this Section X, where National Gas Transmission has reasonable grounds for believing that any calculation required to be made by it for the performance of its functions under this Section X has been or may

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have been made erroneously, National Gas Transmission may (but shall not be required to) defer the taking of any step that would otherwise be required under this Section X until National Gas Transmission has had a reasonable opportunity of verifying such calculation.

1.3.3 Without prejudice to paragraph 1.3.4, nothing in this Section X shall require National Gas Transmission to take any step which National Gas Transmission believes on reasonable grounds may result in its becoming liable to any person in damages or otherwise, whether or not the amount of any such liability would be recoverable under paragraph 1.3.7, but the possibility of a claim being made against National Gas Transmission shall not of itself suffice for the purposes of this paragraph unless National Gas Transmission believes on reasonable grounds that such claim would be well founded.

1.3.4 Each User authorises National Gas Transmission to take any step contemplated by this Section X, and (without prejudice to Section V8, but subject to paragraph 1.3.8) agrees that National Gas Transmission shall have no liability (in contract or tort including negligence or otherwise) to such User for taking any such step, and waives any such liability that National Gas Transmission may have and any claim in respect thereof.

1.3.5 Nothing in this Section X shall require National Gas Transmission to take any step which conflicts with any Legal Requirement or any order of any court of competent jurisdiction.

1.3.6 National Gas Transmission will act in good faith in implementing the provisions of this Section X but (subject to paragraph 1.3.8) will not be liable (in contract or tort including negligence or otherwise) to any User for any failure or delay of National Gas Transmission in doing so or in taking any particular step contemplated by this Section X, and each User waives any such liability that National Gas Transmission may have and any claim in respect thereof.

1.3.7 Subject to paragraph 1.3.8, where any person makes any claim (in negligence or otherwise) against National Gas Transmission in consequence of National Gas Transmission's taking any step contemplated by this Section X:

(a) National Gas Transmission will defend such claim and will (subject to any duties of confidence) consult with and keep informed the Energy Balancing Credit Committee in relation to such claim and the defence thereof;

(b) the fees, costs and expenses incurred by National Gas Transmission (other than its own internal costs and expenses) in defending such claim, and any amounts which National Gas Transmission may be found liable (or with the approval of the Energy Balancing Credit Committee may agree by way of settlement) to pay by way of damages or costs or otherwise in respect of such claim, shall be additional Monthly Neutrality Adjustment Costs in the months in which National Gas Transmission makes payment thereof.

1.3.8 Nothing in the Code shall exclude or limit National Gas Transmission's liability, or entitle National Gas Transmission to recover from Users any amount in respect of any liability of National Gas Transmission:

(a) in respect of any death or personal injury resulting from National Gas Transmission's negligence;

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(b) in respect of a reckless or wilful breach by National Gas Transmission of this Section X; or

(c) in any case where National Gas Transmission has in the exercise of its functions under this Section X acted in bad faith or fraudulently.

1.4 Code Contingencies

National Gas Transmission will not be required to implement this Section X in any case where and for so long as, by reason of any Code Contingency, it is not reasonably practicable for National Gas Transmission to perform with reasonable accuracy any calculation required for such implementation.

1.5 DNO Users

In this Section X references to Users exclude DNO Users.

1.6 Trader User

In this Section X references to Users include Trader Users.

1.7 CDSP Functions

1.7.1 Agency Functions of the CDSP to support implementation of this Section X are:

(a) implementing the Energy Balancing Credit Rules and liaising with the Energy Balancing Credit Committee;

(b) managing Users Energy Balancing accounts and Further Security Requests;

(c) monitoring and revising Users Secured Credit Limits and submitting Cash Calls; and

(d) calculating Relevant Balancing indebtedness and Outstanding Relevant Balancing Indebtedness.

2 SECURITY, ENERGY BALANCING INDEBTEDNESS AND CASH CALL PRINCIPLES

2.1 Energy Balancing Credit Rules

2.1.1 The "**Energy Balancing Credit Rules**" are the rules established by National Gas Transmission dated 1 March 1996 and so entitled, as from time to time amended in accordance with paragraphs 2.1.4 and 2.1.5.

2.1.2 Subject to paragraph 2.1.6, the Energy Balancing Credit Rules provide for the specified forms and the basis on which a User may provide a letter of credit or cash by way of security for the User's indebtedness in respect of Energy Balancing Charges.

2.1.3 Subject to paragraph 2.1.5, and without prejudice to any express requirement under this Section X to comply therewith, the Energy Balancing Credit Rules do not form part of and are not incorporated into the Code.

2.1.4 With the approval of the Energy Balancing Credit Committee, National Gas

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Transmission may revise the Energy Balancing Credit Rules upon giving notice to all Users of not less than 2 months or such shorter period as may in any particular case be approved by the Committee.

2.1.5 For the purposes only of enabling National Gas Transmission or a User to propose a modification pursuant to the Modification Rules, the Energy Balancing Credit Rules shall be deemed to be incorporated into and to form part of the Code.

2.1.6 In relation to a Trading System Clearer which either:

(a) is a Recognised Clearing House for the purposes of the Financial Services and Markets Act 2000; or

(b) has appointed a Recognised Clearing House for the purposes of the Financial Services and Markets Acts 2000 in order to discharge its obligations as a Trading System Clearer,

and without prejudice to applicable law and the Code, the Energy Balancing Credit Rules may apply to such Trading System Clearer as waived by or to the extent agreed with National Gas Transmission to implement a decision by the Energy Balacing Credit Committee.

2.2 Secured Credit Limit

2.2.1 Each User shall secure that its Cash Call Limit elected under paragraph 2.4 is not greater than 85% of its Secured Credit Limit.

2.2.2 For each User the "**Secured Credit Limit**" shall be the amount determined under paragraph 2.2.3.

2.2.3 The amount referred to in paragraph 2.2.2 is the amount for the time being of the Security the User has provided.

2.2.4 A User may apply to increase its Secured Credit Limit by giving notice to National Gas Transmission 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 or forms part of such basis, submitting such Security.

2.2.5 Where a User applies to increase its Secured Credit Limit:

(a) National Gas Transmission will revise the User's Secured Credit Limit in accordance with the Energy Balancing Credit Rules and paragraph 2.2.2 as soon as reasonably practicable after the User's application;

(b) where the revised Secured Credit Limit determined under paragraph (a) is less than that specified by the User, National Gas Transmission will notify the User as soon as reasonably practicable after National Gas Transmission becomes aware thereof.

2.2.6

(a) A User's Secured Credit Limit may also be revised, in accordance with the Energy Balancing Credit Rules, save where either paragraph 2.2.6(b) or (c) applies, on notice of not less than 30 Days (or any lesser period agreed by the

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User) to the User:

(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 Gas Transmission has reasonable grounds to believe that the effect of the review will be to reduce the User's Secured Credit Limit;

provided that nothing in this Section X shall require National Gas Transmission to undertake a review under paragraph 2.2.6(a)(ii) or 2.2.6(a)(iii).

(b) 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 Gas Transmission in accordance with the Energy Balancing Credit Rules, on notice to the User.

(c) For the purposes of assisting National Gas Transmission in its credit rating assessment process as outlined in the Energy Balancing Credit Rules, National Gas Transmission will procure from third parties the provision of services which provide regular updates of company published credit ratings (**"Credit Rating Analytic Services"**).

2.3 Securities

2.3.1 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.

2.3.2 Where a User proposes that any Security be given not substantially in accordance with the requirements of the Energy Balancing Credit Rules, National Gas Transmission will table the User's proposal at the first meeting of the Energy Balancing Credit Committee convened not less than 10 Business Days following the User's proposal; but National Gas Transmission will not be required to accept the User's proposal unless and until such Committee shall have approved such proposal.

2.3.3 Any reference in this Section X to the amount of any Security shall be to such amount:

(a) in the case of Security, as determined in accordance with the Energy Balancing Credit Rules; and

(b) as reduced by the amount of any payment made pursuant to the application of such Security.

2.3.4 A User who has provided a Security may request National Gas Transmission to release

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such Security (in whole or in part); and following such a request, provided that the requirement in paragraph 2.3.5 is met, National Gas Transmission will, as soon as reasonably practicable and in any event within 10 Business Days after such request, comply with such request.

2.3.5 The requirement is that at the date 2 Business Days before the date of such release or reduction the amount of the User's Outstanding Relevant Balancing Indebtedness does not exceed 90% of the lesser of:

(a) the amount of the User's Cash Call Limit; and

(b) the amount of the User's revised Secured Credit Limit established (in accordance with the Energy Balancing Credit Rules and paragraph 2.2.2) on the basis of the reduced or released Security.

2.3.6 An instrument of Security shall not be a part of the Code nor an Ancillary Agreement; and no provision of or modification of the Code, nor any inconsistency between the Code and any such instrument, and nothing done by National Gas Transmission pursuant to the Code, shall prejudice or invalidate any such instrument.

2.4 Cash Call Limit

2.4.1 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.

2.4.2 Each User shall, on or before the User Accession Date, notify National Gas Transmission of the initial amount of its Cash Call Limit.

2.4.3 A User may by giving notice to National Gas Transmission of not less than 7 Business Days revise its Cash Call Limit provided that its revised Cash Call Limit is not greater than 85% of its Secured Credit Limit.

2.4.4 Where a User notifies National Gas Transmission of a revised Cash Call Limit, or a User's Secured Credit Limit is reduced, and as a result its Cash Call Limit is or would be greater than 85% of its Secured Credit Limit, it shall be assigned a Cash Call Limit which is equal to 85% of its Secured Credit Limit.

2.5 Calculation of Outstanding Relevant Balancing Indebtedness

2.5.1 In relation to each Gas Flow Day (the "**relevant Day**"), as soon as reasonably practicable after the Day on which (pursuant to Section E2.1.2) initial Entry Allocation Statements are required to be submitted to National Gas Transmission, or in accordance with paragraph 2.5.6 or 2.7.6, National Gas Transmission will calculate for each User:

(a) the amount of the Relevant Balancing Charges for the relevant Day; and

(b) the amount of the Outstanding Relevant Balancing Indebtedness.

2.5.2 For the purposes of this Section X:

(a) "**Relevant Balancing Charges**" means the Daily Imbalance Charges, Scheduling Charges, Basic Balancing Neutrality Charges and Physical Renomination Incentive Charges which would (on the basis set out in paragraph

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2.5.3) be payable, and the Market Balancing Action Charges and other charges in respect of Eligible Balancing Actions taken pursuant to Contingency Balancing Arrangements which are payable, by or to each User in respect of the relevant Day;

(b) "**Basic Balancing Neutrality Charges**" are the amounts that would be determined as Balancing Neutrality Charges in accordance with Section F4 on the basis that the Unit Daily Neutrality Amount (under Section F4.3) is calculated on the basis of the Basic Net Neutrality Amount only, and disregarding the Adjustment Neutrality Amount;

(c) "**Anticipated Balancing Indebtedness**" for each User (other than the Trading System Clearer) is an amount calculated, in respect of all Days in the relevant period (each such day (*'i'*)), in accordance with the following formula:

$$ABI = \sum_{i=d-n}^{d-1} \left(ADSAP_i * \sum_{j=i-n-9}^{i-n} \frac{DI_j}{10} \right)$$

where:

ABI is the Anticipated Balancing Indebtedness;

$ADSAP_i$ is the Adjusted System Average Price for a Day, 'i', being any Day falling during the relevant period, which shall be the System Average Price for that Day *'i'*; except where either:

(i) the SAP the Day 'i', is greater than the mean of the SAPs for the previous 10 days plus 1.96 times the standard deviation of the SAPs for the previous 10 days ("**the Upper Limit**"), in which case the ADSAP shall be equal to the Upper Limit; or

(ii) SAP the Day 'i', is less than the mean of the SAPs for the previous 10 days minus 1.96 times the standard deviation of the SAPs for the previous 10 days ("**the Lower Limit**"), in which case the ADSAP shall be equal to the Lower Limit.

DIj is the User's Daily Imbalance for the Day *'j'* falling during the Imbalance Period (being a positive or (as the case may be) negative amount in accordance with Section E5.1.2);

d is the relevant Day;

n is the number of days in the relevant period;

"**relevant period**" is the period from (and including) the 7th Business Day preceding the relevant Day, d, until (and including) the Day preceding the relevant Day ('d-1');

"**Imbalance Period**" is the period from and including nine Days preceding the day 'i-n' until (and including) the day 'i-n';

(d) "**Outstanding Relevant Balancing Indebtedness**" for each User (other than

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the Trading System Clearer) means (subject to paragraph (g)) the sum of:

(i) the net aggregate amount (payable by or to the User) of the Relevant Balancing Charges for each Day of the Uninvoiced Period;

(ii) the Net Invoice Amounts in respect of all Energy Balancing Charges under each Energy Balancing Invoice which has been submitted for which the Invoice Due Date is on or after the calculation Day;

(iii) the Net Invoice Amounts in respect of all Energy Balancing Charges under each Energy Balancing Invoice which has been submitted for which the Invoice Due Date is before the calculation Day and which have not been paid by the User; and

(iv) the User's Anticipated Balancing Indebtedness less the amount (excluding any interest earned thereon) of any Cash Call which has been paid by the User and not for the time being applied in or towards payment of any Invoice Amount under paragraph 2.8;

(e) the "**calculation Day**" is the Day on which National Gas Transmission makes the calculation under paragraph 2.5.1;

(f) for the purposes of paragraph (d)(i) the "**Uninvoiced Period**" is the period from the first Day of the earliest Billing Period in respect of which no Energy Balancing Invoice has been submitted to the User up to and including the relevant Day;

(g) subject to paragraph 2.5.7 in determining the amount of a User's Outstanding Relevant Balancing Indebtedness, National Gas Transmission will make an appropriate allowance for any material unpaid amount which may be payable to the User pursuant to Section F1.4;

(h) in determining Outstanding Relevant Balancing Indebtedness, amounts payable by the User shall be positive, and amounts payable to the User shall be negative; and where Outstanding Relevant Balancing Indebtedness would otherwise be negative it shall be deemed (for the purposes of this Section X only) to be zero;

(i) "**Outstanding Relevant Balancing Indebtedness**" for the Trading System Clearer means the sum of:

(i) the net aggregate amount (payable by or to the User) of the Relevant Balancing Charges for each Day of the Uninvoiced Period;

(ii) the Net Invoice Amounts in respect of all Energy Balancing Charges under each Energy Balancing Invoice which has been submitted for which the Invoice Due Date is on or after the Calculation Day; and

(iii) the Net Invoice Amounts in respect of all Energy Balancing Charges under each Energy Balancing Invoice which has been submitted for which the Invoice Due Date is before the Calculation Day and which have not been paid by the User;

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(iv) the amount (excluding any interest earned thereon) of any Cash Call which has been paid by the Trading System Clearer and not for the time being applied in or towards payment of any Invoice Amount under paragraph 2.8.

2.5.3 The Relevant Balancing Charges and a User's Anticipated Balancing Indebtedness will be calculated in respect of each Gas Flow Day on the basis of the amounts determined as the User's UDQIs on the basis of initial Entry Allocation Statements, applying (where relevant) the provisions of Section E2.1.8 or E2.1.9, and on the basis of the User's UDQOs determined in accordance with Section E3.

2.5.4 Users acknowledge that:

(a) subject to paragraphs 2.5.6, 2.7.6 and 2.5.7, the calculation of Relevant Balancing Charges and a User's Anticipated Balancing Indebtedness will disregard any revision of initial Entry Allocation Statements pursuant to Section E2.1.3;

(b) the calculation of Outstanding Relevant Balancing Indebtedness takes no account of Energy Balancing Charges which either may become payable by National Gas Transmission to a User, or may become payable by a User to National Gas Transmission, in respect of Days after the relevant Day and up to the calculation Day.

2.5.5 For the avoidance of doubt paragraph 2.5.4 is without prejudice to the subsequent determination of Energy Balancing Charges for the purposes of submission of an Energy Balancing Invoice.

2.5.6 Subject to paragraph 2.5.7, where:

(a) any Entry Allocation Statement submitted in respect of any Day in the Uninvoiced Period has been revised (in compliance with the requirements of Section E2.1.3) so as to reduce the UDQI of any User; and

(b) any User so requests National Gas Transmission by notice given not less than 5 Days before the Entry Close-out Date; and

(c) the amount by which such UDQI was so reduced exceeds whichever is the greater of:

(i) 2,000,000 kWh (*68,260 therms*); and

(ii) an amount determined as 10% of the aggregate of the User's UDQIs (determined as at the time of such request) for all System Entry Points for the relevant Day,

National Gas Transmission will as soon as reasonably practicable recalculate the amount of all Users' Outstanding Relevant Balancing Indebtedness on the basis of the revised UDQIs under all of the revised Entry Allocation Statements for the relevant Day.

2.5.7 Paragraphs 2.5.2(b), 2.5.2(c), 2.5.2(d), 2.5.2(g), 2.5.3, 2.5.4(a) and 2.5.6 shall not apply to the Trading System Clearer.

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2.6 Cash Calling

2.6.1 Where the amount of a User's Outstanding Relevant Balancing Indebtedness exceeds the amount of its Cash Call Limit, National Gas Transmission will as soon as reasonably practicable on or after the calculation Day submit to the User a Cash Call.

2.6.2 The Cash Call shall be for an amount calculated as the sum (rounded up to the nearest £1,000) of:

(a) the amount by which the User's Outstanding Relevant Balancing Indebtedness exceeds the amount of its Cash Call Limit; and

(b) an amount equal to 10% of the User's Cash Call Limit.

2.6.3 For the purposes of this Section X:

(a) a "**Cash Call**" is a notice, in the form set out in the Energy Balancing Credit Rules, requiring the User to make payment to National Gas Transmission of the amount stated in the notice;

(b) where the context requires, a reference to a Cash Call includes the amount required to be paid and the requirement to pay such amount.

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

2.6.5 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.

2.6.6 Paragraph 2.6.5 shall not apply to a revised Cash Call made pursuant to paragraph 2.7.3.

2.7 Cash Call Appeals

2.7.1 Where:

(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; and

(c) the User considers that the amount of the relevant Cash Call has been calculated erroneously,

the User may, not 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 Gas Transmission, specifying in as much detail as is possible the User's reasons for so considering.

2.7.2 Where a User gives a notification under paragraph 2.7.1:

(a) the relevant Cash Call (and the obligation of the User to make payment thereof)

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will be suspended, subject to paragraph 2.7.3;

(b) National Gas Transmission 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 Gas Transmission the User shall provide by telephone or email any further details or explanation of its view.

2.7.3 Following its review under paragraph 2.7.2(a) National Gas Transmission will as soon as reasonably practicable (and wherever possible within 24 hours after the User's notification under paragraph 2.7.1):

(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);

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.

2.7.4 A User may not give a further notification under paragraph 2.7.1 to National Gas Transmission in respect of the relevant Cash Call (whether or not revised under paragraph 2.7.3).

2.7.5 Where:

(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;

(c) any Entry Allocation Statement submitted by or on behalf of the User in respect of any Day in the Uninvoiced Period has been revised (in compliance with the requirements of Section E2.1.3) so as to increase the User's UDQI;

(d) the amount by which such UDQI was so increased exceeds whichever is the greater of:

(i) 500,000 kWh (*17,060 therms*); and

(ii) an amount determined as 5% of the aggregate of the User's UDQIs (determined at the relevant time) for all System Entry Points for the Day referred to in paragraph (c),

the User may, not later than 12:00 hours on the Day on which the Cash Call is (in accordance with paragraph 2.8.1, disregarding paragraph 2.7.8(a)) due for payment, by notice to National Gas Transmission request National Gas Transmission to recalculate the amount of the User's Outstanding Relevant Balancing Indebtedness on the basis of

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such revised UDQI.

2.7.6 Where a User makes a request under paragraph 2.7.5 National Gas Transmission will as soon as reasonably practicable (and wherever possible within 24 hours after such request) withdraw the relevant Cash Call or revise (on the basis of the recalculated Outstanding Relevant Balancing Indebtedness) the relevant Cash Call and submit the revised Cash Call to the User.

2.7.7 Without prejudice to paragraph 2.5.6, National Gas Transmission will not be required to recalculate the Outstanding Relevant Balancing Indebtedness of any other User by reason of a request under paragraph 2.7.5.

2.7.8 Where a User gives a notification under paragraph 2.7.1 or request under paragraph 2.7.5, further references in this Section X:

(a) to the date of a Cash Call are to the Day of National Gas Transmission's revised Cash Call under paragraph 2.7.3(a) or 2.7.6 or notification to the User under paragraph 2.7.3(b); and

(b) to the amount of a Cash Call are to any revised amount under paragraph 2.7.3(a) or 2.7.6.

2.7.9 A notification under paragraph 2.7.1 or notice under 2.7.5 shall be given:

(a) by email; or

(b) by telephone confirmed by email given not later than 17:00 hours on the same Day.

2.8 Payment of Cash Calls

2.8.1 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.

2.8.2 Sections S3.2.1 and S3.3 shall apply in respect of the payment of a Cash Call.

2.8.3 Where a User pays an amount ("**Cash Call Payment**") in respect of a Cash Call:

(a) where there is any amount (in respect of Energy Balancing Charges) unpaid by the User under an Energy Balancing Invoice for which the Invoice Due Date was before the date on which the Cash Call was paid, National Gas Transmission will apply the Cash Call Payment in or towards payment of such unpaid amount;

(b) except as provided in paragraph (a) National Gas Transmission will (unless it required payment by the User to be made to such account) as soon as reasonably practicable after receipt thereof pay the Cash Call Payment (or the balance thereof after application under paragraph (a)) into a Cash Call Account.

2.8.4 In relation to each User a Cash Call Account is a separately designated sub-account of a general interest bearing account in the name of National Gas Transmission at any branch in the United Kingdom of a bank at which National Gas Transmission maintains accounts other than pursuant to this paragraph 2.8 (which account may be the account to which the User is to make payment pursuant to and in accordance with Section S3.2.1).

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2.8.5 The moneys (including interest) for the time being standing to the credit of a Cash Call Account shall belong beneficially and absolutely to National Gas Transmission and (without prejudice to paragraph 2.8.6) there shall be no implied or constructive trust in respect thereof in favour of the User, and National Gas Transmission shall be under no obligation to repay any of such moneys to the User.

2.8.6 Subject to paragraph 2.8.7, where at any time:

(a) there is any amount standing to the credit of a User's Cash Call Account;

(b) the User's Outstanding Relevant Balancing Indebtedness is less than 90% of the User's Cash Call Limit; and

(c) the User is not a Defaulting User,

National Gas Transmission will if requested by the User pay to the User an amount equal to the amount standing to the credit of the Cash Call Account or (if less) to such part thereof as will, after repayment to the User, result in the User's Outstanding Relevant Balancing Indebtedness being approximately equal to 90% of the User's Cash Call Limit.

2.8.7 A User may not make a request pursuant to paragraph 2.8.6 less than 5 Days before the Invoice Due Date in respect of any Energy Balancing Invoice, and National Gas Transmission shall be entitled to disregard any such request purportedly so made.

2.8.8 The amount standing to the credit of a User's Cash Call Account together with interest accrued thereon (after deducting an amount equal to any payment to the User under paragraph 2.8.6) will be applied by National Gas Transmission in or (pro rata) towards payment of the Invoice Amounts in respect of Energy Balancing Charges under the Energy Balancing Invoice(s) for which the Invoice Due Date(s) next follows the date of payment of the relevant Cash Call Amount.

2.9 Failure to pay Cash Call

2.9.1 Where a User has not paid the whole of a Cash Call by the Business Day following the Day on which the Cash Call was made, and irrespective of the amount of the User's Outstanding Relevant Balancing Indebtedness as at any Day after the calculation of the Cash Call, National Gas Transmission shall be entitled to, and as soon as reasonably practicable after such Business Day will, submit to the User a notice substantially in the form set out the Energy Balancing Credit Rules, notifying the User that National Gas Transmission may give Termination Notice to the User if the User does not pay the amount of the Cash Call in full by the Business Day following the date of such notice.

2.9.2 Where National Gas Transmission has given notice to a User under paragraph 2.9.1, and until the Cash Call is paid in full, National Gas Transmission will not pay, and (irrespective of the Invoice Due Date) shall be entitled to withhold payment pursuant to any Energy Balancing Invoice in respect of, any amounts payable to the User in respect of Energy Balancing Charges, (and no interest shall accrue and be payable on any such amounts from the Invoice Due Date until the day on which the payment is made) and National Gas Transmission shall instead pay the relevant amounts into the User's Cash Call Account.

2.9.3 Where National Gas Transmission has given notice to a User under paragraph 2.9.1 and

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the User has not paid the amount referred to in the notice in full after one Business Day following the date of such notice, National Gas Transmission shall be entitled to and after such Business Day subject to paragraph 2.9.7 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.

2.9.4 National Gas Transmission will send a copy of any notice given under paragraph 2.9.1 or 2.9.3 to the Authority and without prejudice to paragraph 1.2.5, shall notify the Energy Balancing Credit Committee that such notice has been issued.

2.9.5 For the avoidance of doubt, National Gas Transmission will not realise and apply any Security in respect of any Cash Call (the basis on which a Security realised and applied being set out in paragraph 3.2.4(b)).

2.9.6 Where National Gas Transmission has given a Trading Participant a Termination Notice pursuant to this paragraph 2.9 it shall promptly inform the Trading System Operator.

2.9.7 Before National Gas Transmission shall take the action envisaged by paragraph 2.9.3, National Gas Transmission 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 Gas Transmission should be obliged to issue the Termination Notice, pursuant to paragraph 2.9.3, or whether National Gas Transmission should defer taking such step.

2.10 Further Security Request

2.10.1 Where this paragraph 2.10 applies National Gas Transmission will as soon as reasonably practicable on or after the date on which the further Cash Call (referred to in paragraph 2.6.4) is submitted submit to the User a Further Security Request.

2.10.2 For the purposes of this Section X a "**Further Security Request**" is a notice, in a form set out in the Energy Balancing Credit Rules, requiring the User to provide a further, additional or revised Security in such amount and for such period as determined in accordance with the Energy Balancing Credit Rules.

2.10.3 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 is 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 Gas Transmission, specifying in as much detail as possible the User's reasons for so considering.

2.10.4 Where a User gives a notification under paragraph 2.10.3:

(a) the relevant Further Security Request (and the obligation to provide further, additional or revised Security) will be suspended, subject to paragraph 2.10.5;

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(b) National Gas Transmission will review the details provided by the User and will review the calculations made of the User's Outstanding Relevant Code Indebtedness;

(c) if requested by National Gas Transmission the User shall provide by telephone or email any further details or explanation of its view.

2.10.5 Following its review under paragraph 2.10.4, National Gas Transmission will as soon as reasonably practicable (and wherever possible within 24 hours after the User's notification under paragraph 2.10.3):

(a) where it is reasonably satisfied that it is inappropriate that the User provide further, additional or revised Security in accordance with the Further Security Request, withdraw the Further Security Request or revise the further, additional or revised Security requested accordingly and submit the revised Further Security Request to the User;

(b) otherwise, notify the User that the Further Security Request remains valid (and is no longer suspended),

and such revised Further Security Request 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.

2.10.6 A User may not give a further notification under paragraph 2.10.3 to National Gas Transmission in respect of a relevant Further Security Request (whether or not revised under paragraph 2.10.5).

2.10.7 Where National Gas Transmission has submitted a Further Security Request to a User, the User shall, subject to paragraph 2.10.4, provide further, additional or revised Security in such amount and for such period as determined in accordance with the Energy Balancing Credit Rules.

2.10.8 Where National Gas Transmission has submitted a revised Further Security Request or notified a User that a Further Security Request remains valid pursuant to paragraph 2.10.5 until the further additional or revised Security is provided in accordance with the Further Security Request a User may not make a request pursuant to paragraph 2.8.6 and National Gas Transmission shall:

(a) be entitled to disregard a request purportedly so made pursuant to paragraph 2.8.6; and

(b) be entitled to withhold payment pursuant to any Energy Balancing Invoice in respect of any amounts payable to the User in respect of Energy Balancing Charges.

2.10.9 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:

(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

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notified that the Further Security Request remains valid pursuant to paragraph 2.10.5,

National Gas Transmission 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 Gas Transmission shall notify the Energy Balancing Credit Committee that such a notice has been issued.

2.10.10 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 Gas Transmission 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 Gas Transmission shall send a copy of any notice given under this paragraph 2.10.10 to the Authority.

2.10.11 It shall not be a condition to National Gas Transmission's giving Termination Notice under paragraph 2.10.10 that National Gas Transmission shall first have made any call upon or taken any steps to enforce or realise any Security.

2.10.12 Before National Gas Transmission shall take the action envisaged by paragraph 2.10.10, National Gas Transmission shall convene a meeting of the Energy Balancing Credit Committee as soon as reasonably practicable on or after the Business Day following the date the Failure to Supply Further Security Notice was submitted and shall consult with the Energy Balancing Credit Committee to determine whether National Gas Transmission should be obliged to issue the Termination Notice, pursuant to paragraph 2.10.10, or whether National Gas Transmission should defer taking such step.

2.11 Trading System Operator and/or Trading System Clearer

2.11.1 Without prejudice to the implementation of the other provisions of this Section X in relation to the Trading System Operator and/or Trading System Clearer, paragraph 2.11.2 shall also apply in relation to the Trading System Clearer (and not in relation to any other User).

2.11.2 Where the amount of the Trading System Clearer Outstanding Relevant Balancing Indebtedness exceeds 60% of its Secured Credit Limit:

(a) National Gas Transmission 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 Clearer; 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 Clearer, National Gas Transmission shall implement the provisions of this Section X in the manner and for such period as the Energy

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Balancing Credit Committee has approved.

2.11.3 For the purposes of paragraph 2.11.2(b), the Energy Balancing Credit Committee may:

(a) delay the application of paragraph 2.6 until such time as the Trading System Clearer's Outstanding Relevant Balancing Indebtedness exceeds such other amount as the Energy Balancing Credit Committee approves (which such amount may exceed 100% of the Trading System Clearer's Secured Credit Limit);

(b) authorise National Gas Transmission to withhold amounts payable to the Trading System Clearer by National Gas Transmission pursuant to any Energy Balancing Invoice until such time as the Trading System Clearer's Outstanding Relevant Balancing Indebtedness no longer exceeds such amount as the Energy Balancing Credit Committee has approved;

(c) authorise National Gas Transmission to withhold the payment of interest payable to the Trading System Clearer pursuant to Section S (and where National Gas Transmission is so authorised National Gas Transmission shall be relieved from its obligation to pay interest under Section S);

(d) authorise National Gas Transmission to take other such steps in respect of the implementation of the provisions of this Section X as it considers to be reasonable; and

(e) require the Trading System Clearer to take such steps as it considers, in the context of this Section X, to be reasonable.

2.11.4 For the purposes of this paragraph 2.11, the Energy Balancing Credit Committee may, for such period as the Energy Balancing Credit Committee determines, request:

(a) National Gas Transmission provide details of any steps taken by National Gas Transmission in implementing the provisions of this Section X in relation to the Trading System Clearer;

(b) the Trading System Clearer provide details of:

(i) the levels of security cover and other credit facility and security arrangements in place with Users and third parties for the purposes of the Trading System Arrangements ("**other credit arrangements**");

(ii) historic and current levels of utilisation of credit facilities by Users under the other credit arrangements;

(iii) current projections of its future cash flows;

(iv) any steps taken by the Trading System Clearer in relation to Users pursuant to the other credit arrangements; and

(v) a trend analysis of the Trading System Clearer's trading activities and data on the movement of the Trading System Clearer's Outstanding Relevant Balancing Indebtedness,

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Clearer shall provide such information as soon as is reasonably practicable.

2.11.5 Nothing in paragraph 2.11.4 shall require National Gas Transmission or the Trading System Clearer to disclose information which it is otherwise prohibited from disclosing pursuant to this Section V5 or the Trading System Arrangements.

3 PAYMENT OF ENERGY BALANCING INVOICES

3.1 Resolution of queries after payment in full

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).

3.2 Failure to make payment

3.2.1 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 Gas Transmission 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 Gas Transmission 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.

3.2.2 Where National Gas Transmission 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 Gas Transmission 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.

3.2.3 National Gas Transmission will send a copy of any notice given under paragraph 3.2.1 or 3.2.2 to the Authority and without prejudice to paragraph 1.2.5, will notify the Energy Balancing Credit Committee that such a notice has been issued.

3.2.4 Where:

(a) National Gas Transmission has given notice to a User under paragraph 3.2.1, and until the Net Invoice Amount under the relevant Energy Balancing Invoice is paid in full; or

(b) a User is a Defaulting User

National Gas Transmission will not pay and (irrespective of the Invoice Due Date) shall be entitled to withhold payment pursuant to any Energy Balancing Invoice in respect of, any amounts payable to the User in respect of Energy Balancing Charges ("**relevant amounts**") (and no interest shall accrue and be payable on any such amounts from the Invoice Due Date until the day on which the payment is made) and National Gas Transmission shall instead pay the relevant amounts into the User's Cash Call Account.

3.2.5 Before National Gas Transmission shall take the action envisaged by paragraph 3.2.2,

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National Gas Transmission shall convene a meeting of the Energy Balancing Credit Committee as soon as reasonably practicable on or after the Business Day following the date of the notice given to the User pursuant to paragraph 3.2.1 and shall consult with the Energy Balancing Credit Committee to determine whether National Gas Transmission should be obliged to issue the Termination Notice pursuant to paragraph 3.2.2, or whether National Gas Transmission should defer taking such step.

3.3 Securities

3.3.1 National Gas Transmission may make or take any step to enforce and realise any Security at any time after National Gas Transmission has given notice to the User under paragraph 3.2.1 at which any part of the Net Invoice Amount under any Energy Balancing Invoice remains outstanding.

3.3.2 It shall not be a condition to National Gas Transmission's giving Termination Notice under paragraph 3.2.2 that National Gas Transmission shall first have taken any steps to enforce or realise any Security.

3.4 Enforcement and recovery steps

3.4.1 For the purposes of this paragraph:

(a) "**Transportation Debt**" means unpaid indebtedness of a defaulting User in respect of any amount payable under the Code other than Energy Balancing Charges;

(b) "**Energy Balancing Debt**" means unpaid indebtedness of a defaulting User in respect of Energy Balancing Charges;

(c) "**Recovery Steps**" are any steps (including any proceedings in any court, and including the defence of any counterclaim or other claim, proceeding or application made or brought by the User or a provider of security in connection with any such step taken by National Gas Transmission) taken by National Gas Transmission to recover any Energy Balancing Debt or Transportation Debt from a defaulting User, or to enforce or realise any security (including Security) provided by a defaulting User, or to enforce any judgment against a defaulting User, or to make any claim in any insolvency proceedings relating to a defaulting User;

(d) "**Recovered Amounts**" means amounts recovered (by way of payment of debt or damages or otherwise) by National Gas Transmission as a result of taking Recovery Steps;

(e) "**Recovery Costs**" means all fees, costs and expenses (including any payments National Gas Transmission may be required to make by way of damages or costs or otherwise by any court) incurred by National Gas Transmission in taking Recovery Steps (but not including amounts in respect of National Gas Transmission 's own internal costs and expenses);

(f) Recovered Amounts or Recovery Costs are:

(i) "**energy balancing exclusive**" where such amounts or costs were recovered or incurred:

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(1) in respect of or pursuant to Recovery Steps relating wholly or substantially wholly to a Security; or

(2) after National Gas Transmission has informed the Energy Balancing Credit Committee that National Gas Transmission has decided not to take further Recovery Steps in respect of Transportation Debt;

(ii) "**transportation exclusive**" where such amounts or costs were recovered or incurred:

(1) in respect of or pursuant to Recovery Steps relating wholly or substantially wholly to an instrument which secures only Transportation Debt; or

(2) after National Gas Transmission has been requested by the Energy Balancing Credit Committee not to take further Recovery Steps in respect of the relevant Energy Balancing Debt;

and otherwise are "**shared**";

(g) the "**energy balancing proportion**" and the "**transportation proportion**" are the aggregate amounts of a defaulting User's Energy Balancing Debt or (as the case may be) Transportation Debt outstanding at the User Discontinuance Date, and before the application of any Recovered Amounts in or towards satisfaction of such amounts, each as a proportion of the sum of such amounts;

(h) particular Recovered Amounts and Recovery Costs are "**associated**" where such amounts are recovered pursuant to Recovery Steps in taking which such costs are incurred.

3.4.2 The Energy Balancing Credit Committee shall direct National Gas Transmission as to what Recovery Steps (if any) (the **"Directed Recovery Steps"**) to take to recover Energy Balancing Debt from a defaulting User, and to enforce and realise the Security provided by a defaulting User; National Gas Transmission agrees that it will, subject to the further provisions of this paragraph 3.4, take the Directed Recovery Steps. To the extent that taking such Directed Recovery Steps exposes National Gas Transmission or any representative of National Gas Transmission to any liability against which National Gas Transmission is not adequately protected by virtue of paragraphs 3.4.4 and 3.4.6, any such liability shall (notwithstanding any other provisions of the Code) be deemed to be additional Monthly Neutrality Adjustment Amounts in the month in which National Gas Transmission makes payment in respect thereof.

3.4.3 National Gas Transmission will keep the Energy Balancing Credit Committee reasonably informed as to the Directed Recovery Steps it takes in relation to Energy Balancing Debt and will and shall be entitled to discontinue taking Directed Recovery Steps (other than any steps necessary for such discontinuance) where the Energy Balancing Credit Committee has authorised it to do so.

3.4.4 National Gas Transmission shall be entitled to apply any Recovered Amounts first in or towards payment of the associated Recovery Costs.

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3.4.5 Subject to Section V4.4.2, the balance (after application in accordance with paragraph 3.4.4) of any Recovered Amounts will be applied as follows:

(a) in the case of energy balancing exclusive Recovered Amounts, as to the whole of such balance, as an additional Monthly Neutrality Adjustment Revenue (by way of application towards the relevant Energy Balancing Debt) in accordance with Section F4 in the month in which National Gas Transmission receives payment in respect of the Recovery Amount;

(b) in the case of transportation exclusive Recovered Amounts, as to the whole of such balance, in or towards satisfaction of any Transportation Debt;

(c) in the case of shared Recovery Amounts, as to the energy balancing proportion thereof (but not exceeding the amount of unpaid Energy Balancing Debt), as an additional Monthly Neutrality Adjustment Revenue (by way of application towards the relevant Energy Balancing Debt) in accordance with Section F4 in the month in which National Gas Transmission receives payment in respect of the Recovery Amount, and as to the transportation proportion thereof, in or towards satisfaction of any Transportation Debt.

3.4.6 Where the amount of National Gas Transmission's Recovery Costs exceeds the amount (if any) of the associated Recovery Amounts:

(a) in the case of energy balancing exclusive Recovery Costs, the whole of the excess will be an additional Monthly Neutrality Adjustment Cost in accordance with Section F4 in the month in which National Gas Transmission pays such amount;

(b) in the case of shared Recovery Costs, the energy balancing proportion of the excess will be an additional Monthly Neutrality Adjustment Cost in accordance with Section F4 in the month in which National Gas Transmission pays such amount.

4 APPOINTMENT OF RECEIVER

4.1 Subject to paragraph 4.2, where Section V4.3.4 applies, National Gas Transmission 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 date (which may be any date on or after the date on which the Termination Notice is given) specified in the Termination Notice.

4.2 Before National Gas Transmission shall take the action envisaged by paragraph 4.1, National Gas Transmission 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 Gas Transmission should be obliged to issue the Termination Notice, pursuant to paragraph 4.1, or whether National Gas Transmission should defer taking such step.

4.3 Subject to paragraph 1.3, National Gas Transmission shall be entitled to take such action as the Energy Balancing Credit Committee recommends pursuant to the meeting referred to in paragraph 4.2 as soon as reasonably practicable.

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