

06/06/2002

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 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."

Please note that Modification Proposal No 0525 was implemented with effect from 06:00 hours on 07/06/2002. The Final Modification Report, Version 3.0, was signed by Ofgem on 06/06/2002.

The new Network Code text resulting from this Modification follows.

Modified Text:

SECTION V - INSERT NEW PARAGRAPHS V4.3.1(e) (vi) and (vii) AS FOLLOWS

- "(vi) the Defaulting User becomes subject to a bankruptcy order; or
- (vii) the Defaulting User becomes subject to an event made in a jurisdiction outside England and Wales, equivalent or analogous to any one or more of those events listed in paragraphs 4.3.1(e)(i) to (vi) above; or....

SECTION V - DELETE V4.3.3(c)(i) & (ii) AND INSERT NEW PARAGRAPHS V4.3.3(c)(i) & (ii) AS FOLLOWS:

- (i) a User Default occurs by reason of the circumstances set out in any one or more of paragraphs 4.3.1(e)(ii), (iii) or (vi), or 4.3.1(e)(vii) to the extent that a person, analagous or equivalent to those persons appointed pursuant to paragraphs V4.3.1(e)(ii), (iii) or (vi) is appointed in a jurisdiction outside England and Wales ("**foreign insolvency practitioner**") in respect of the User; and
- (ii) the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate) fails to provide adequate assurances to Transco in compliance with the principles established in the Energy Balancing Credit Management Supplement and Energy Balancing Credit Rules (such assurances not to exceed a legal and binding commitment by the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate), to pay to Transco all Energy Balancing Debt accruing from (and including) the date of appointment of the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate)), as soon as reasonably practicable after being appointed (but for the avoidance of doubt not within two Business Days of its appointment).

THE SUPPLEMENT TO NETWORK CODE (SECTION X) - AMEND PARAGRAPH X4.2.1 AS FOLLOWS:

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 v1.0

- 4.2.1 Before Transco shall take the action envisaged by paragraph 4.1, Transco shall convene a meeting of the Energy Balancing Credit Committee as soon as reasonably practicable following the ~~receiver's failure of the receiver, administrator, trustee-in-bankruptcy or foreign insolvency practitioner (as appropriate)~~ to provide those assurances referred to in Section V4.3.3(b) and shall consult with the Energy Balancing Credit Committee to determine whether Transco should be obliged to issue the Termination Notice, pursuant to paragraph 4.1, or whether Transco should defer taking such step.

Yours sincerely,

Julian Majdanski
Modification Panel Secretary