

09/11/2001

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0475**

"Termination of User in Receivership"

Please note that Modification Proposal No 0475 was implemented with effect from 06:00 hours on 12/11/2001. The Final Modification Report, Version 3.0, was signed by Ofgem on 09/11/2001.

The new Network Code text resulting from this Modification follows.

Modified Text:

Section V: GENERAL

"Amend Section V, paragraph 4.3.3 to read as follows:

- "4.3.3. (a) Upon the occurrence of a User Default, and at any time after such occurrence at which the User Default is continuing Transco may give notice ("Termination Notice") to the Defaulting 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.
- (b) Without prejudice to Transco's right to give a Termination Notice, as set out in paragraph V4.3.3(a), where the condition in paragraph 4.3.3(c) is satisfied, paragraph 4 of the Supplement shall apply.
- (c) The condition referred to in paragraph V4.3.3(b) is that:
- (i) a User Default occurs by reason of the circumstances set out in paragraph V4.3.1.(e).(ii) ; and
- (ii) the receiver 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 to pay to Transco all Energy Balancing Debt accruing from (and including) the date of appointment of the receiver), as soon as reasonably practicable after being appointed (but for the avoidance of doubt not within two Business Days of its appointment);

"Amend the Supplement, new paragraph 4:

4. Appointment of Receiver

- 4.1 Subject to paragraph 4.2, where Section V4.3.3(b) applies, Transco 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.
- 4.2
 - 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 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.
 - 4.2.2 Subject to paragraph 1.3, Transco 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.

Yours sincerely,

Julian Majdanski
Modification Panel Secretary