

TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0665
"Revisions to the Management of Cash Call Accounts (User in Default)"
Version 2.0

Date: 13/11/2003

Proposed Implementation Date:

Urgency: Non-Urgent

Justification

Following a review by Transco of the Section X of the Network Code and the Energy Balancing Credit Rules ("EBCR"), it was identified that by revising the rules governing the management of Cash Call accounts, the level of risk faced by Users could be reduced. Such a revision would further the objectives of the EBCR, namely to "develop and maintain a Framework for limiting the risk of financial loss to the shipper community resulting from the operation of the Energy Balancing regime". The principle of the proposal has been discussed with the Energy Balancing Credit Committee, and in accordance with its recommendation, Transco has raised this proposal.

Nature of Proposal

It is proposed that Section X of the Network Code is modified as follows:

Where a User is in Administration or Receivership and / or is in Default, as defined by Section V4.3 of the Network Code;

- the User would not be permitted to request the return of monies held in their Cash Call Account until such time that all billing for the period prior to such appointment is completed. (Modify Section X 2.8.7).
- Transco would be allowed to withhold payment of any Energy Balancing Invoice credit item due to a User until such time as the creditors claim had been agreed. In such circumstances Transco would not be obliged to pay interest on the withheld credit value. (Modify Section X3.2.4)

Purpose of Proposal

The purpose of the proposal is to protect the Shipping Community against potential losses in the event of a User failure.

Consequence of not making this change

If the existing provisions for the management of Users' Cash Call accounts were maintained, in the event that the User became insolvent, remaining Users would be faced with higher smearing charges than would be the case if Transco had retained the funds.

Area of Network Code Concerned

X2.8.7 and X3.2.4

Proposer's Representative

Alan G Raper (Transco)

Proposer

Terry A Grove (Transco)

Signature

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