26/10/2007

Dear Colleague,

NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0145

"Management of Users Approaching and Exceeding Code Credit Limit"

Please note that Modification Proposal No 0145 will be implemented with effect from 06:00 hours on 01/02/2008. The Final Modification Report, Version 4.0, was signed by Ofgem on 24/10/2007.

The new Code text resulting from this Modification follows.

Modified Text:

UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT

SECTION V – GENERAL

Amend paragraph 3.2.10 as follows:

3.2.10 Where the Transporter… such that when applied it will result in the ~~Relevant Code Indebtedness~~ <u>Value at Risk</u> of the User not exceeding 100% of the User's Code Credit Limit. <u>Subject to paragraph 3.2.11 below,</u> where a User has not provided such additional surety or security by such second Business Day then with effect from the next Business Day ~~next~~ following such second Business Day the following shall payable by the User:

(a) … ;

(b) … .

Add new paragraph 3.2.11 as follows:

3.2.11 Notwithstanding paragraph 3.2.10, where at any time as a direct consequence of an increase in the relevant Transporter's Transportation Charges, a User's Value at Risk is increased by over 20% from the previous day, a User will have one calendar month from the date of notice given by the relevant Transporter to provide additional surety or security and after the expiry of such date, paragraphs 3.2.10 (a) and (b) shall apply.

Delete title of paragraph 3.3 and replace with the following:

"Requirements as to Value at Risk"

Version 1.0 created on 25/10/2007

Delete paragraph 3.3.1 and replace with the following:

3.3.1   Where:

(a) a User's Value at Risk exceeds 80% of its Code Credit Limit and the Transporter has given notice to the User to that effect; and

(b) at any time following any notice given pursuant to (a) above, the User's Value at Risk exceeds 100% of its Code Credit Limit, the Transporter will notify the User of such event, giving such User 2 Business Days from the date of such notice to provide additional surety or security for the amount specified by the Transporter in the notice in order to reduce its Value at Risk to below 100% of its Code Credit Limit.

Delete paragraph 3.3.2 and replace with the following:

3.3.2   Without prejudice to paragraph V3.3.3, where a User fails to provide such additional security as required in paragraph 3.3.1 (b) by the date specified in the notice pursuant to 3.3.1(b):

(a) the amount of such surety or security required shall be increased to that amount required to reduce the User's Value at Risk to below 80% of its Code Credit Limit and any surety or security provided by such User shall be deemed to be valued at 80% of its face value for the following 12 calendar months; and

(b) with effect from the next Business Day after the date specified in such notice, the User shall pay to the Transporter that amount set out in the table in paragraph 3.2.10(a), based upon the amount of additional surety or security demanded by the Transporter and the daily charge set out in paragraph 3.2.10(b); and

(c) subject to paragraph 3.3.1, where and for so long as the User's Value at Risk exceeds 100% of the User's Code Credit Limit, the Transporter shall be entitled to reject or refuse to accept all or any of the following by the relevant User:

(i)   an application for System Capacity or increased System Capacity at any System Point under Sections B or G5; and/or

(ii)   in relation to the NTS, a System Capacity Trade under Section B5 in respect of which the User is Transferee User;

until such time as the User's Value at Risk is reduced to less than 100% of its Code Credit Limit.

(d) where from the fifth Business Day after the date specified in the notice, the User's Value at Risk exceeds 100% of the User's Code Credit Limit, the Transporter shall be entitled to reject or refuse to accept a Supply Point Nomination or Supply Point Confirmation under Section G, other than a Supply Point Renomination or Supply Point Reconfirmation until such

time as the User's Value at Risk is reduced to less than 100% of its Code Credit Limit.

Delete paragraph 3.3.3 and replace with the following:

3.3.3   Subject to paragraph 3.3.1, where and for so long as the Value at Risk of the User for the time being exceeds 100% of the User's Code Credit Limit, the Transporter may give Termination Notice (in accordance with paragraph 4.3) to the User.

Yours sincerely,

Julian Majdanski
Modification Panel Secretary