

P233 - PROPOSED DRAFT LEGAL TEXT

SECTION M: CREDIT COVER AND CREDIT DEFAULT

Section M was amended by P215 – Alternative, which was approved by the Authority on 23 April 2008 with the implementation date of 25 June 2009. P233 proposes that Section M (as amended by P215 Alternative) be further amended as follows –

Amend paragraph 1.2.4B

1.2.4B The Metered Credit Assessment Energy Volume (MAQCE_{iaj} in MWh) shall be determined:

- (a) for each BM Unit which meets all the requirements in paragraph 1.2.4C, and for each Energy Account which is a Subsidiary Energy Account for such BM Unit, as follows:

$$\text{MAQCE}_{iaj} = \text{QM}_{ij} * (\text{QMPR}_{iaj}/100) + \text{QMFR}_{iaj}$$

- (b) for each BM Unit which meets all the requirements in paragraph 1.2.4C, and for the Energy Account which is the Lead Energy Account for such BM Unit, as follows:

$$\text{MAQCE}_{iaj} = \text{QM}_{ij} - \sum_a \text{MEAQCE}_{iaj}$$

- (c) for each BM Unit which does not meet all of the requirements in paragraph 1.2.4C, and for each Energy Account, as follows:

$$\text{MAQCE}_{iaj} = \text{CAQCE}_{iaj}$$

where, for the purpose of paragraph 1.2.4B (b), \sum_a represents the sum over all Energy Accounts other than the Lead Energy Account.

SECTION M: CREDIT COVER AND CREDIT DEFAULT

(Version 20.0)

Amend paragraph 2.1.4 as follows:

2.1 Provision of Credit Cover

- 2.1.4 The forms of the Letter of Credit (subject as provided in the definition thereof) ~~is~~are set out in Annex M-1, Annex M-2 and Annex M-3.

SECTION M: CREDIT COVER AND CREDIT DEFAULT

(Version 20.0)

Amend the Form of Letter of Credit in Annex M-1 as follows –

ANNEX M-1

Form of Letter of Credit (UCP 500)

To: ELEXON Clear Limited (the "BSC Clearer")

At the request of [*name of Trading Party*] (the "applicant") we have opened in favour of the BSC Clearer our irrevocable Letter of Credit Number (_____) for £[_____] (amount in words).

This Letter of Credit is available against sight drafts issued by the BSC Clearer accompanied by a signed statement issued by the BSC Clearer stating either:

- (a) that the applicant has failed to pay to BSC Clearer the amount you are claiming under the terms of the Balancing and Settlement Code (as modified from time to time, the "Code"); or
- (b) that the amount of the Letter of Credit has become payable pursuant to the Code by reason of the Letter of Credit not being extended or replaced in accordance with the requirements of the Code or that we have ceased to have the credit rating required under the Code.

Payments under this Letter of Credit shall be effected immediately to [*insert relevant account details*].

Partial drawings are allowed hereunder.

Claims under this Letter of Credit shall be made at the counters of [*insert details of the branch of the issuing/advising/confirming bank*].

This Letter of Credit expires on [_____].

We waive any right to set off against any amount payable hereunder any claims we may have against you.

Any sight draft and statement to be issued by the BSC Clearer for the purposes of this Letter of Credit may be signed by [*insert name of FAA*] (the "FAA") on behalf of the BSC Clearer.

Any demand hereunder must comply with all the above requirements and signatures (on behalf of the BSC Clearer or the FAA) thereon must be confirmed by your Bankers.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993~~7~~ Revision), ICC Publication No. 500 (UCP500) published by the International Chamber of Commerce.

We undertake that drafts and documents presented under the terms of this Letter of Credit which are a complying presentation, will be honoured upon presentation.

This Letter of Credit shall be governed by and construed in accordance with English law.

For and on behalf of [_____] Bank [Plc].

After Annex M-1 insert a new Annex M-2 as follows:

ANNEX M-2

Form of Letter of Credit (UCP 600)

To: ELEXON Clear Limited (the "BSC Clearer")

At the request of [name of Trading Party] (the "applicant") we have opened in favour of the BSC Clearer our irrevocable Letter of Credit Number () for £[] (amount in words).

This Letter of Credit is available against sight drafts issued by the BSC Clearer accompanied by a signed statement issued by the BSC Clearer stating either:

- (a) that the applicant has failed to pay to BSC Clearer the amount you are claiming under the terms of the Balancing and Settlement Code (as modified from time to time, the "Code");
or
(b) that the amount of the Letter of Credit has become payable pursuant to the Code by reason of the Letter of Credit not being extended or replaced in accordance with the requirements of the Code or that we have ceased to have the credit rating required under the Code.

Payments under this Letter of Credit shall be effected immediately to [insert relevant account details].

Partial drawings are allowed hereunder.

Claims under this Letter of Credit shall be made at the counters of [insert details of the branch of the issuing/advising/confirming bank].

This Letter of Credit expires on [].

We waive any right to set off against any amount payable hereunder any claims we may have against you.

Any sight draft and statement to be issued by the BSC Clearer for the purpose of this Letter of Credit may be signed by [insert name of FAA] (the "FAA") on behalf of the BSC Clearer.

Any demand hereunder must comply with all the above requirements and signatures (on behalf of the BSC Clearer or the FAA) thereon must be confirmed by your Bankers.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits 2007 Revision, ICC Publication No. 600 (UCP600) published by the International Chamber of Commerce.

We undertake that drafts and documents presented under the terms of this Letter of Credit which are a complying presentation will be honoured upon presentation.

This Letter of Credit shall be governed by and construed in accordance with English law.

For and on behalf of [] Bank [Plc].

After new Annex M-2 insert Annex M-3 as follows:

ANNEX M-3

Form of Letter of Credit (ISP98)

To: ELEXON Clear Limited (the "BSC Clearer")

At the request of [name of Trading Party] (the "applicant") we have opened in favour of the BSC Clearer our irrevocable Letter of Credit Number () for £[] (amount in words).

This Letter of Credit is available against sight drafts issued by the BSC Clearer accompanied by a signed statement issued by the BSC Clearer stating either:

- (a) that the applicant has failed to pay to BSC Clearer the amount you are claiming under the terms of the Balancing and Settlement Code (as modified from time to time, the "Code");
or
- (b) that the amount of the Letter of Credit has become payable pursuant to the Code by reason of the Letter of Credit not being extended or replaced in accordance with the requirements of the Code or that we have ceased to have the credit rating required under the Code.

Payments under this Letter of Credit shall be effected immediately to [insert relevant account details].

Partial drawings are allowed hereunder.

Claims under this Letter of Credit shall be made at the counters of [insert details of the branch of the issuing/advising/confirming bank] [insert exact location within the building] at [insert time] to [insert person to whom the Letter of Credit should be presented] by [insert medium of presentation i.e. delivery of paper documents].

This Letter of Credit expires on []

We waive any right to set off against any amount payable hereunder any claims we may have against you.

Any sight draft and statement to be issued by the BSC Clearer for the purpose of this Letter of Credit may be signed by [insert name of FAA] (the "FAA") on behalf of the BSC Clearer.

Any demand hereunder must comply with all the above requirements and signatures (on behalf of the BSC Clearer or the FAA) thereon must be confirmed by your Bankers.

This Letter of Credit is subject to International Standby Practices 1998 (ISP98) published by the International Chamber of Commerce.

We undertake that drafts and documents presented under the terms of this Letter of Credit which are a complying presentation will be honoured upon presentation.

This Letter of Credit shall be governed by and construed in accordance with English law.

For and on behalf of [] Bank [Plc].

SECTION S: SUPPLIER VOLUME ALLOCATIONS

(Version 16.0)

Amend paragraph 4.1 as follows:

4.1 Supplier Volume Allocation Agent

4.1.1 The principal functions of the SVAA are, in accordance with the Code and relevant Code Subsidiary Documents (including BSCP508):

- (a) to provide a supplier volume allocation service in accordance with the relevant BSC Service Description SVAA Service Line 300 and the Supplier Volume Allocation Rules and to comply with the other requirements of the relevant BSC Service Description SVAA Service Line 300;
- (b) to provide a daily profile production service in accordance with the relevant BSC Service Description SVAA Service Line 310 involving, inter alia, receiving, obtaining and maintaining data relating to GSP Groups, noon temperatures and times of sunset, the preparation of Daily Profile Coefficients and the provision of reports on profiles and Standard Settlement Configurations to Non Half Hourly Data Collectors and Suppliers;
- (c) to provide a Market Domain Data service to the electricity markets of England and Wales and Scotland in accordance with the relevant BSC Service Description SVAA Service Line 360;
- (d) to perform additional related services if and to the extent required by the Panel, including:
 - (i) the development and maintenance of a contingency plan in accordance with the relevant BSC Service Description SVAA Service Line 320 for approval from time to time by the Panel;
 - (ii) the provision of a disaster recovery service, and the development and maintenance of a disaster recovery plan, all in accordance with the relevant BSC Service Description SVAA Service Line 320;
 - (iii) the provision of a national helpdesk service, a problem management service, a change management service, a committee support service, a performance report service, an ad hoc reporting service, a dispute support service, a software acceptance testing service and an integration testing service, in each case in accordance with the relevant BSC Service Description SVAA Service Line 330;
 - (iv) the development and maintenance of a hand-over service, and the provision of an exit management plan, in accordance with the relevant BSC Service Description SVAA Service Line 350;
 - (v) the provision of a consultancy service, a technical architecture and design service and a software maintenance service, in each case in accordance with the relevant BSC Service Description SVAA Service Line 370; and
 - (vi) such other services as may from time to time be agreed by the Panel; and

- (e) to provide data to the Transmission Company and Distribution System Operators necessary for the purposes of calculating transmission and distribution use of system charges respectively in accordance with BSCP508.

SECTION X: ANNEX X-1: GENERAL GLOSSARY

(Version 39.0)

Amend the following definition in Annex X-1:

| | |
|----------------------------|--|
| "Letter of Credit": | means an unconditional, irrevocable standby letter of credit substantially in the form set out in Annexes M-1, <u>M-2 or M-3</u> (or such other form as the Panel may approve) in sterling in favour of the BSC Clearer by any United Kingdom clearing bank or banks or any other bank or banks which has (have) a long term debt rating of not less than single A by Standard & Poor's Corporation or by Moody's Investors Service, Inc. or such other bank or banks as the Panel may approve, and which shall be available for payment at a United Kingdom branch of the issuing bank; |
|----------------------------|--|

Delete the following definitions from Annex X-1:

| | |
|----------------------------------|---|
| "Replica Settlement Day": | has the meaning given to that term in paragraph 6.4.7 of Annex S-2; |
| "SVAA Service Line": | means a service line which forms part of the BSC Service Description for the SVAA; |

SECTION X: ANNEX X-2: TECHNICAL GLOSSARY

(Version 26.0)

Insert the following definitions in alphabetical order into Annex X-2 Table 6:

| | | | |
|--------------------------------|--|--|--|
| <u>Replica Settlement Day</u> | | | <u>In relation to a Settlement Day, a Settlement Day having the same attributes as that Settlement Day including any Clock Change.</u> |
| <u>Specimen Settlement Day</u> | | | <u>In relation to any Settlement Day, a Settlement Day having the same attributes as that</u> |

| | | | |
|--|--|--|--|
| | | | <u>Settlement Day other than a Clock Change.</u> |
|--|--|--|--|