

DRAFT LEGAL TEXT FOR APPROVED MODIFICATION PXXX

(DRAFT) SECTION M: CREDIT COVER AND CREDIT DEFAULT (Version 24.0)

1. GENERAL

1.4 Credit Assessment Price

Final paragraph 1.4.2 as follows:

- 1.4.1 For the purposes of the Code the "Credit Assessment Price" shall be such amount (in £/MWh) as the Panel shall from time to time determine, after consultation with Trading Parties, as the price which it would be appropriate to use to determine the equivalent financial amount of Trading Parties' Energy Indebtedness for the purposes of this Section M.
- 1.4.2 Whenever the Panel determines to revise the Credit Assessment Price:
- (a) the Panel shall notify the revised Credit Assessment Price to each Trading Party, the FAA and the ECVAAs;
 - (b) the revised Credit Assessment Price shall be effective for the purposes of the Code from the date determined by the Panel pursuant to paragraph (c), which shall not be earlier than the 10th Business Day following the date of notification by the Panel under paragraph (a);
 - (c) subject to paragraph (b), the notice period for implementing revisions to the Credit Assessment Price shall be specified by the Panel from time to time after consultation with Trading Parties.

3. CREDIT DEFAULT STATUS

3.4 Authorisation by BSCCo

Paragraph 3.4.3 as follows:

- 3.4.1 In accordance with paragraphs 3.2.6 and 3.3.1, a Trading Party will not be in Credit Default unless:
- (a) BSCCo has given to the ECVAAs a authorisation notice in relation to that Trading Party; and
 - (b) the authorisation notice remains in force.
- 3.4.2 For the purposes of this Section M, an "**authorisation notice**" is a notice authorising the ECVAAs, at any time while the notice is in force, to take the steps referred to in paragraph 3.2.6(b) and 3.3.1(b) in relation to a Trading Party.
- 3.4.3 Subject to paragraph 3.4.3A, where the ECVAAs submits to BSCCo a copy of a level 1 default notice under paragraph 3.2.1 in relation to a Trading Party:
- (a) BSCCo shall promptly upon the earlier of:

- (i) the expiry of the Query Period ~~(where a Level 2 Credit Default Cure Period has not commenced prior to the expiry of such period)~~ during which the relevant Trading Party's Credit Cover Percentage becomes greater than 90%;
- (ii) the expiry of Gate Closure for Settlement Period J falling within a Level 1 Credit Default Cure Period during which the relevant Trading Party's Credit Cover Percentage becomes greater than 90%; ~~unless a Level 2 Credit Default Cure Period has commenced;~~
- (iii) not used ~~the expiry of a Level 2 Credit default Cure Period (if any);~~ or
- (iv) the expiry of a Level 1 Credit Default Cure Period during which the relevant Trading Party's Credit Cover Percentage becomes not greater than 90%.

give an authorisation notice to the ECVAA unless:

- (1) BSCCo has been notified by the ECVAA that in the ECVAA's opinion there is, or
- (2) BSCCo otherwise has substantial evidence that, or other reasons to believe that, there is

(in accordance with paragraph 1.2.1(e) and the prevailing principles or guidance established by the Panel in accordance with paragraph 1.7) a material doubt as to whether, at the time, the systems and processes used by the ECVAA are giving correct determinations of the values of Credit Cover Percentage for that Trading Party;

- (b) subject to paragraph (c), BSCCo shall not be required to make any enquiry of the Trading Party or any other person (but in accordance with paragraph 1.2.1(f) will take into account any information already provided by the Trading Party which is relevant to the matter in paragraph (a));
- (c) if (pursuant to paragraph (a)(1) or (2)) BSCCo withholds an authorisation notice:
 - (i) BSCCo shall investigate the matter; and
 - (ii) if at any time it concludes that there is not (or no longer is) any material doubt as to the matter in paragraph (a), BSCCo shall promptly give the authorisation notice.