

ALTERNATIVE LEGAL TEXT FOR PROPOSED MODIFICATION P307

SECTION H: GENERAL (Version 18.0)

Amend Section 3.1.1.as follows:

3.1 Events of Default

3.1.1 For the purposes of this paragraph 3, there shall have occurred a "**Default**" in relation to a Party (the "**Defaulting Party**") in any of the following events or circumstances:

- (a) where, in respect of the Defaulting Party's liability for amounts in respect of Trading Charges and in relation to any amount which has become due for payment by the Defaulting Party under the Code in respect thereof:
 - (i) the Defaulting Party has not paid the amount in full on the due date for payment; and
 - (ii) on or after the due date for payment BSCCo has given notice to the Defaulting Party requiring payment of such amount; and
 - (iii) the Defaulting Party has not paid such amount in full by the third Business Day after the date of BSCCo's notice under paragraph (ii); or
- (b) where, in respect of the Defaulting Party's liability for any sums under the Code other than Trading Charges and in relation to any amount which has become due for payment by the Defaulting Party under the Code in respect thereof:
 - (i) the Defaulting Party has not paid the amount in full on the due date for payment; and
 - (ii) on or after the due date for payment BSCCo has given notice to the Defaulting Party requiring payment of such amount; and
 - (iii) the Defaulting Party has not paid such amount in full by the fifteenth Business Day after the date of BSCCo's notice under paragraph (ii); or
- (c) where:
 - (i) ~~not used in respect of any continuous period of 90 days or any intermittent period of 120 days out of 180, a Trading Party is in Level 1 Credit Default or;~~
 - (ii) in respect of any continuous period of 60 days or any intermittent period of 75 days out of 120, a Trading Party is in ~~Level 2~~ Credit Default; or
 - (iii) a Trading Party's Credit Cover Percentage, as determined by the ECVAA, is not equal to or lower than 90% by the end of the same numbered Settlement Period on the second to next occurring Working Day after the Settlement Period during which the Trading Party was in ~~Level 2~~ Credit Default and had a Credit Cover Percentage exceeding 100%; or

- (iv) a Relevant Credit Default Series occurs in relation to a Trading Party.

For the purposes of this paragraph 3.1.1(c)(iv) a "**Relevant Credit Default Series**" shall be:

- (A) an instance of a Trading Party being in ~~Level 2~~ Credit Default and having a Credit Cover Percentage, as determined by the ECVAA, exceeding 100% (an instance of "**Relevant Credit Default**"); FOLLOWED BY
- (B) five further instances of Relevant Credit Default each occurring on or later than the same numbered Settlement Period on the second to next occurring Working Day after the Settlement Period in which the Trading Party's previous instance of Relevant Credit Default in the Relevant Credit Default Series ended but which need not be consecutive; and
- (C) where each of the five instances referred to in paragraph (B) occurs within six (6) calendar months of the instance of Relevant Credit Default referred to in paragraph (A); and

(d) where:

- (i) the Defaulting Party is in breach of any material provision of the Code (other than a provision which is the subject of paragraphs (a), (b) or (c) above); and
- (ii) the breach is capable of remedy by the Defaulting Party; and
- (iii) BSCCo has given notice (making reference to this paragraph 3) of such breach to the Defaulting Party; and
- (iv) within 14 days (or such longer period as the Panel may approve) after BSCCo's notice under paragraph (iii), the Defaulting Party does not either:
 - (1) remedy the breach in all material respects, where the breach is capable of remedy within such period; or
 - (2) where the breach is not so capable of remedy, provide to BSCCo a programme (setting out the steps to be taken by the Defaulting Party and the timetable for taking such steps) for the remedy as soon as reasonably practicable of the breach; and
- (v) in the case in paragraph 3.1.1(d)(iv)(2), the Defaulting Party does not remedy the breach in all material respects with all reasonable diligence and so far as reasonably practicable in accordance with the programme provided under that paragraph (or such revised programme as the Panel may approve); or

(e) where:

- (i) the Defaulting Party is in breach of any material provision of the Code (other than a provision which is the subject of paragraphs (a), (b) or (c) above); and
 - (ii) the breach is not capable of remedy; and
 - (iii) BSCCo has given notice (making reference to this paragraph 3) of the breach to the Defaulting Party; and
 - (iv) at any time within the period of 12 months following BSCCo's notice under paragraph (iii), there occurs a further breach by the Defaulting Party of the same provision or any other material provision (excluding a provision which is the subject of paragraphs (a), (b) or (c) above) of the Code; or
- (f) where:
- (i) the Defaulting Party is in persistent breach of any provision of the Code (other than a provision which is the subject of paragraphs (a), (b) or (c) above) during a period of 6 months; and
 - (ii) after such 6-month period has elapsed, BSCCo has given notice (making reference to this paragraph 3) of the persistent breach to the Defaulting Party; and
 - (iii) the Defaulting Party persists in breaching such provision of the Code for a further period in excess of 3 months; or
- (g) where:
- (i) the Defaulting Party suspends payment of its debts or admits its inability to pay its debts as they fall due;
 - (ii) the Defaulting Party is unable to pay its debts (within the meaning of Section 123(1) or (2) of the Insolvency Act 1986, but subject to paragraph 3.1.2), or any voluntary arrangement is proposed in relation to it or it enters into any composition or scheme of arrangement (other than for the purpose of a bona fide solvent reconstruction or amalgamation); or
 - (iii) the Defaulting Party has a receiver of the whole or any material part of its assets or undertaking appointed; or
 - (iv) the Defaulting Party has an administrator appointed or a winding-up order made in relation to it; or
 - (v) the Defaulting Party passes any resolution for winding-up (other than for the purpose of a bona fide solvent reconstruction or amalgamation); or
 - (vi) a petition is presented or legal proceedings are commenced for making an administration order in relation to, or for the winding up or dissolution of, the Defaulting Party (other than a petition which is vexatious or frivolous and is, in any event, discharged within 21 days of presentation and before it is advertised);

or any analogous events occur in respect of the Defaulting Party in any other jurisdiction;

in any such case for whatever reason and whether or not within the control of the Defaulting Party.

SECTION M: CREDIT COVER AND CREDIT DEFAULT (Version 22.0)

Amend Section 2.4.2 as follows:

2.4 Determination of Energy Credit Cover

2.4.2 The FAA shall:

- (a) monitor the amount of each Trading Party's Credit Cover;
- (b) determine in accordance with paragraph 2.4.1 the amount from time to time of each Trading Party's Energy Credit Cover;
- (c) notify to the ECVAAs ~~and~~ the Trading Party ~~(and, following a Level 2 Credit Default Cure Period, BSCCo)~~ the amount of each Trading Party's Energy Credit Cover:
 - (i) on the day on which that Party becomes a Trading Party; and
 - (ii) upon each occasion on which the amount of such Energy Credit Cover changes, as soon as reasonably practicable after becoming aware of the change ~~(provided that, in the event that any such change occurs earlier than one hour before the end of a Level 2 Credit Default Cure Period that expires at 1200 hours on a Business Day, prior to the expiry of such Level 2 Credit Default Cure Period, and, in any other event, within one Business Day after such change occurs).~~

Amend Section 3.2 as follows:

3.2 ~~Level 1~~ Credit Default

3.2.1 If in relation to any Settlement Period a Trading Party's Credit Cover Percentage, as determined by the ECVAAs, becomes greater than ~~89~~90%:

- (a) the ECVAAs shall, as soon as possible after Gate Closure:
 - (i) give notice ("~~level 1~~ default notice") to the Trading Party to that effect (in addition to the notification under paragraph 3.1.4); and
 - (ii) submit a copy of such notice to BSCCo; and
- (b) the Trading Party may, at any time before the expiry of the Query Period, give notice ("**default query notice**") to the ECVAAs that it considers that its Credit Cover Percentage has been determined erroneously, and may provide information supporting its view.

3.2.2 In relation to any ~~level 1~~ default notice, the "**Query Period**" is the period commencing at Gate Closure for the Settlement Period in relation to which the ECVAAs determine that the

Trading Party's Credit Cover Percentage becomes greater than ~~89~~90% and ending ~~24 hours after the time at which:~~

~~(a) if the level 1 default notice is treated as being received by the Trading Party (in accordance with Section O) prior to 0900 hours on a Business Day, at 1700 hours on the next following Business Day; or~~

~~(b) if the default notice is treated as being received by the Trading Party (in accordance with Section O) on or after 0900 hours on a Business Day or at any time on a non-Business Day, at 1700 hours on the second following Business Day.~~

3.2.3 If a Trading Party gives a default query notice to the ECVAA:

(a) the ECVAA shall, before the expiry of the Query Period, review its determination of the Trading Party's Credit Cover Percentage and if the Trading Party so requests, shall discuss the same by telephone with a representative of the Trading Party;

(b) if requested by the ECVAA, the Trading Party shall provide further information and explanation in support of its view that the ECVAA's determination of the Credit Cover Percentage was erroneous;

(c) at the expiry of the Query Period (and whether or not any consensus has been reached between the ECVAA and the Trading Party as to the matters notified by the Trading Party), the ECVAA will redetermine the Trading Party's Credit Cover Percentage for the relevant Settlement Period (and for the avoidance of doubt, such redetermination may be the same as its original determination), and will give notice to the Trading Party of the Credit Cover Percentage as redetermined;

(d) the ECVAA will correct its determination of the Trading Party's Credit Cover Percentage for any subsequent Settlement Period, so far as such determination is shown to be erroneous by reference to (or to the matters taken into account in) the ECVAA's redetermination under paragraph (c).

3.2.4 If the redetermined Credit Cover Percentage under paragraph 3.2.3(c) is not greater than ~~89~~90% the ~~level 1~~ default notice will be deemed to be cancelled and no further action taken under this paragraph 3.2 in relation to Energy Indebtedness in the relevant Settlement Period (but without prejudice to the application of this paragraph 3.2 in relation to any later Settlement Period).

3.2.5 ~~Not used. If the redetermined Credit Cover Percentage under paragraph 3.2.3(c) is greater than 80%, or if no default query notice was given, the Trading Party shall secure that its Credit Cover Percentage becomes not greater than 75% in relation to at least one Settlement Period in the period (the "Level 1 Credit Default Cure Period"):~~

~~(a) commencing on the expiry of the Query Period, and~~

~~(b) expiring at 2400 hours on the first Business Day after the day in which the Query Period expires.~~

3.2.6 At the end of the ~~Query Period Level 1 Credit Default Cure Period~~, if the Credit Cover Percentage ~~is greater than 90% (as determined by the ECVAA under paragraph 3.2.2 or redetermined by the ECVAA under paragraph 3.2.3(c)) (as determined by the ECVAA in relation to each Settlement Period) was greater than 75% in relation to every Settlement~~

~~Period in the Level 1 Credit Default Cure Period~~, then subject to an authorisation notice being in force in relation to that Trading Party pursuant to paragraph 3.4 (or if later, with effect from such notice being given):

- (a) the Trading Party shall be in "~~Level 1 Credit Default~~";
- (b) the ECVAA shall (as soon as reasonably practicable following the expiry of the ~~Level 1 Default Cure Query~~ Period) notify the Trading Party that it is in ~~Level 1~~ Credit Default and post on the BMRS or the BSC Website a ~~Level 1~~ Credit Default statement in relation to the Trading Party.

3.2.7 The Trading Party will cease to be in ~~Level 1~~ Credit Default with effect from Gate Closure for the next Settlement Period (if any) in relation to which the Trading Party's Credit Cover Percentage becomes not greater than 75%; and as soon as practicable after Gate Closure for that Settlement Period the ECVAA will cancel the ~~Level 1~~ Credit Default statement on the BMRS or (as the case may be) the BSC Website.

3.2.8 If in relation to any Settlement Period a Trading Party's Credit Cover Percentage, as determined by the ECVAA, becomes greater than 100% the ECVAA shall as soon as reasonably practicable after Gate Closure:

- (a) give a notice to the Trading Party which states that Trading Party's Credit Cover Percentage and alerts it to the provisions of paragraph H3.1.1(c); and
- (b) submit a copy of such notice to BSCCo.

3.2.9 For the avoidance of doubt:

- (a) the application of paragraph 3.2.8 to a Trading Party in relation to a Settlement Period shall not have the effect of excluding the application of any other relevant paragraph of Section M in relation to that Trading Party in that Settlement Period; and
- (b) any failure or delay by the ECVAA to give a notice required by paragraph 3.2.8 shall not be taken into account for the purposes of determining the expiry of any of the time periods specified in paragraph H3.1.1(c).

Amend Section 3.3 as follows:

3.3 ~~Level 2~~ Credit Default Rejection Period and Credit Default Refusal Period

3.3.1 ~~Not used. If, in relation to any Settlement Period (period J), a Trading Party's Credit Cover Percentage as determined by the ECVAA becomes greater than 90%, irrespective of whether or not Settlement Period J falls in a Query Period or a Level 1 Credit Default Cure Period (in accordance with paragraph 3.2), then subject to an authorisation notice being in force in relation to that Trading Party pursuant to paragraph 3.4 (or if later, with effect from such notice being given):~~

- ~~(a) the Trading Party shall be in "**Level 2 Credit Default**";~~
- ~~(b) the ECVAA shall, as soon as reasonably practicable after Gate Closure for Settlement Period J, notify the Trading Party that it is in Level 2 Credit Default and post a Level 2 Credit Default statement on the BMRS or the BSC Website in relation to the Trading Party.~~

3.3.2 ~~Not used. The Trading Party will cease to be in Level 2 Credit Default with effect from Gate Closure for the next Settlement Period (if any) in relation to which the Trading Party's~~

~~Credit Cover Percentage becomes not greater than 90%; and as soon as practicable after Gate Closure for that Settlement Period the ECVAAs will cancel the Level 2 Credit Default statement on the BMRS or the BSC Website.~~

3.3.3 At any time ~~Where~~ a Trading Party is in ~~Level 2~~ Credit Default and its Credit Cover Percentage is or becomes greater than 90%:

- (a) for the purposes of the provisions of Section P as to the refusal and rejection of Energy Contract Volume Notifications and Metered Volume Reallocation Notifications, subject to paragraph 3.3.5:
 - (i) the "**Credit Default Refusal Period**" is the period from Gate Closure for Settlement Period J until Gate Closure for the Settlement Period after the first subsequent Settlement Period in relation to which the Credit Cover Percentage for the Trading Party becomes not greater than 90%;
 - (ii) the "**Credit Default Rejection Period**" is the period from Gate Closure for Settlement Period J+3 until Gate Closure for the third Settlement Period after the first subsequent Settlement Period in relation to which the Credit Cover Percentage for the Trading Party becomes not greater than 90%;
- (b) as soon as reasonably practicable after Gate Closure for Settlement Period J, the ECVAAs will post on the BMRS or (as the case may be) the BSC Website a notice of the start of the Credit Default Rejection Period in relation to the Trading Party (but a failure to post such notice will have no effect in relation to the start of the Credit Default Rejection Period).

3.3.4 For the purposes of paragraph 3.3.3, a relevant Query Period is the Query Period in relation to any Settlement Period, not later than Settlement Period J, for which the Trading Party had given a default query notice.

3.3.5 The following provisions apply for the purposes of addressing delays in the completion of credit checking (and references in the Code to Credit Default Refusal Periods and Credit Default Rejection Periods shall be construed accordingly):

- (a) a Credit Default Refusal Period and a Credit Default Rejection Period shall not commence if credit checking for Settlement Period J is not completed by the half-hour deadline, but without prejudice to paragraph 3.1.3;
- (b) a Credit Default Refusal Period excludes the period from Gate Closure for Settlement Period J until credit checking for that Settlement Period is completed;
- (c) a Credit Default Refusal Period excludes the period (if any) from completion of credit checking for Gate Closure for the first subsequent Settlement Period referred to in paragraph 3.3.3(a)(i) until the half-hour deadline;
- (d) if a Credit Default Refusal Period has commenced and credit checking for any Settlement Period has not been completed by the half-hour deadline, the Credit Default Refusal Period shall be suspended (and accordingly exclude the period) from the time at which the ECVAAs determine that credit checking has not been completed by the half-hour deadline, until such time as credit checking for a Settlement Period is completed by the half-hour deadline;

- (e) if a Credit Default Rejection Period has commenced and credit checking for any Settlement Period (the "relevant" Settlement Period) has not been completed by the half-hour deadline, Gate Closure for the third Settlement Period after the relevant Settlement Period shall be considered (for the purposes of the Code including Sections P2.5.2 and P3.5.2) not to fall within the Credit Default Rejection Period.

3.3.6 For the purposes of paragraph 3.3.5, in relation to each Settlement Period:

- (a) completion of credit checking means the time (determined by the ECVAAs) at which the ECVAAs complete the determination, for each Trading Party, of Credit Cover Percentage pursuant to paragraph 3.1.4(a); and references to credit checking being completed shall be construed accordingly;
- (b) references to a case in which credit checking is not completed by the half-hour deadline include a case where the ECVAAs have earlier determined that it will be unable to complete credit checking by that deadline;
- (c) if requested by BSCCo in relation to any Settlement Period, the ECVAAs will inform BSCCo of the time of completion of credit checking;
- (d) the half-hour deadline means the time of Gate Closure for the following Settlement Period.

3.3.7 Without prejudice to paragraph 3.1.3, where a Trading Party has not been treated as in ~~Level 2~~ Credit Default in relation to a Settlement Period, irrespective of any error made by the ECVAAs in the application of the provisions of this Section M, no Party may raise a Trading Dispute to the effect that the Trading Party should have been treated as being in Credit Default or that a Credit Default Refusal Period or Credit Default Rejection Period should have commenced in relation to the Trading Party.

3.3.8 ~~Not used. There shall be a Level 2 Credit Default Cure Period in relation to Settlement Period J (in accordance with paragraph 3.3.10) if:~~

- ~~(a) Gate Closure for Settlement Period J occurs outside Business Hours;~~
- ~~(b) the relevant Trading Party's Credit Cover Percentage as determined by ECVAAs became greater than 90% but did not exceed 100% during Settlement Period J;~~
- ~~(c) Settlement Period J falls within a Query Period or a Level 1 Credit Default Cure Period and such Query Period:~~
 - ~~(i) commenced outside of Business Hours; and~~
 - ~~(ii) did not contain a consecutive period of more than two Business Hours; and~~
- ~~(d) the relevant Trading Party's Credit Cover Percentage as determined by ECVAAs did not become greater than 100% during any Settlement Period prior to Gate Closure for Settlement Period J within the Query Period or Level 1 Credit Default Cure Period.~~

3.3.9 ~~Not used. The BSCCo shall promptly give notice of the commencement of a Level 2 Credit Default Cure Period to the relevant Trading Party and the FAA.~~

3.3.10 ~~Not used. A Level 2 Credit Default Cure Period shall be a period commencing at Gate Closure for Settlement Period J and:~~

- ~~(a) (subject to paragraph (c)) where the Query Period referred to in paragraph 3.3.8(c) expires before 1100 hours on a Business Day, such Level 2 Credit Default Cure Period shall expire at 1200 hours on that day;~~
- ~~(b) (subject to paragraph (c)) where the Query Period referred to in paragraph 3.3.8(c) expires on a day other than a Business Day, such Credit Default Cure Period shall expire at 1200 hours on the next Business Day following the expiry of such Query Period; and~~
- ~~(c) if, in relation to any Settlement Period, the relevant Trading Party's Credit Cover Percentage becomes greater than 100%, such Level 2 Credit Default Cure Period shall expire at Gate Closure for such Settlement Period.~~

3.3.11 ~~Not used.~~ If in relation to any Settlement Period a Trading Party's Credit Cover Percentage, as determined by the ECVAA, becomes greater than 100% the ECVAA shall as soon as reasonably practicable after Gate Closure:

- ~~(a) give a notice to the Trading Party which states that Trading Party's Credit Cover Percentage and alerts it to the provisions of paragraph H3.1.1(c); and~~
- ~~(b) submit a copy of such notice to BSCCo.~~

3.3.12 ~~Not used.~~ For the avoidance of doubt:

- ~~(a) the application of paragraph 3.3.11 to a Trading Party in relation to a Settlement Period shall not have the effect of excluding the application of any other relevant paragraph of Section M in relation to that Trading Party in that Settlement Period; and~~
- ~~(b) any failure or delay by the ECVAA to give a notice required by paragraph 3.3.11 shall not be taken into account for the purposes of determining the expiry of any of the time periods specified in paragraph H3.1.1(c).~~

Amend Section 3.4 as follows:

3.4 Authorisation by BSCCo

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 ECVAA an 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 ECVAA, 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 ECVAA 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 expiry of~~ the Query Period :
 - ~~(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) 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.

3.4.3A BSCCo shall not give an authorisation notice to the ECVAA in relation to a Trading Party under paragraph 3.4.3 if:

- (a) Section G4 applies to that Trading Party; and
- (b) that Trading Party's Credit Cover Percentage is greater than ~~89~~90% as a direct result of it being subject to a direction given by the Secretary of State or action taken on behalf of Her Majesty's Government.

3.4.3B If paragraph 3.4.3A applies:

- (a) BSCCo shall investigate the matter; and
- (b) if at any time it concludes that the fact that the Trading Party's Credit Cover is greater than ~~89~~90% is not (or no longer is) the direct result of a direction from

the Secretary of State or action taken on behalf of Her Majesty's Government, BSCCo shall promptly give the authorisation notice under paragraph 3.4.3(a).

3.4.4 An authorisation notice shall remain in force until such time as:

- (a) it is established or determined (as provided in paragraph 3.5.1) that the Credit Cover Percentage of Trading Party was not and has not since become greater than ~~89~~0%; or
- (b) the ECVAAs notifies BSCCo that the Trading Party's Credit Cover Percentage has become lower than 75% for any Settlement Period after the authorisation notice was given; or
- (c) BSCCo in its discretion determines that (as a result of the passage of time, or because of any other matter of which notice has been given to BSCCo) the authorisation notice should lapse, and gives notice to that effect to the ECVAAs.

3.4.5 For the avoidance of doubt, paragraph 3.4.3 is without prejudice to the ability of a Party to raise a Trading Dispute in respect of any step taken or determination made by BSCCo or the ECVAAs pursuant to this Section M.

3.4.6 Notwithstanding any other provision of this Section M, BSCCo shall and shall be treated as having refused to give to the ECVAAs any authorisation notice in relation to the Replacement Supplier in respect of any Settlement Period for which Gate Closure falls within the first 14 days after the Appointment Day for such Replacement Supplier (counting the Appointment Day itself for these purposes).

SECTION P 'ENERGY CONTRACT VOLUMES AND METERED VOLUME REALLOCATIONS' (Version 16.0)

Amend Section 1.6 as follows:

1.6 Suspension of contract volume notification

1.6.1 Where, for the purposes of any Contingency Provisions, the notification of contract volumes is to be suspended in relation to any Settlement Period:

- (a) no Energy Contract Volume Notification shall be taken into account in Settlement as to any Energy Contract Volume Data which relates to that Settlement Period, and accordingly the Account Bilateral Contract Volume shall be zero for all Energy Accounts;
- (b) no Metered Volume Reallocation Notification shall be taken into account in Settlement as to any Metered Volume Reallocation Data which relates to that Settlement Period, and accordingly the Metered Volume Fixed Reallocation and the Metered Volume Percentage Reallocation shall be zero for all BM Units and Subsidiary Energy Accounts;
- (c) subject to any other provision of the Code relating to ~~Level 2~~ Credit Default, when (in accordance with the relevant Contingency Provisions) the notification of contract volumes ceases to be suspended, the provisions of this Section P shall apply by reference to all Volume Notifications then in force.

Amend Section 2.5 as follows:

2.5 Refusal and rejection for credit reasons

2.5.1 Where either of the Relevant Contract Parties is in ~~Level 2~~-Credit Default in accordance with Section M3, a relevant Energy Contract Volume Notification which is submitted during the Credit Default Refusal Period will be treated as refused and will not become effective.

2.5.2 Where:

(a) a relevant Energy Contract Volume Notification is in force; and

(b) either of the Relevant Contract Parties is in ~~a Level 2~~-Credit Default Rejection Period in accordance with Section M3;

such Energy Contract Volume Notification will be treated as rejected, and will have no effect, as to Energy Contract Volume Data which relate to relevant Settlement Period(s) (as defined in paragraph 2.5.3) for which Gate Closure falls within the Credit Default Rejection Period.

2.5.3 For the purposes of this paragraph 2.5, a relevant Energy Contract Volume Notification is one which, if in force and not treated as rejected in relation to a Settlement Period (a "relevant" Settlement Period) would have the effect in relation to that Settlement Period of increasing the Energy Indebtedness (in accordance with Section M1.2) of the Party in ~~Level 2~~-Credit Default.

Amend Section 3.5 as follows:

3.5 Refusal and rejection for credit reasons

3.5.1 Where either the Lead Party or the Subsidiary Party is in ~~Level 2~~-Credit Default in accordance with Section M3, a relevant Metered Volume Reallocation Notification which is submitted during the Credit Default Refusal Period will be treated as refused and will not become effective.

3.5.2 Where:

(a) a relevant Metered Volume Reallocation Notification is in force; and

(b) either the Lead Party or the Subsidiary Party is in ~~a Level 2~~-Credit Default Rejection Period in accordance with Section M3;

such Metered Volume Reallocation Notification will be treated as rejected, and will have no effect, as to Metered Volume Reallocation Data which relate to relevant Settlement Period(s) (as defined in paragraph 3.5.3) for which Gate Closure falls within the Credit Default Rejection Period.

3.5.3 For the purposes of this paragraph 3.5, a relevant Metered Volume Reallocation Notification is one which, if in force, and not treated as rejected in relation to a Settlement Period (a "relevant" Settlement Period), would have the effect in relation to that Settlement Period of increasing the Energy Indebtedness (in accordance with Section M1.2) of the Party in ~~Level 2~~-Credit Default.

SECTION X ANNEX X-1 'GENERAL GLOSSARY' (Version 61.0)

Amend the following terms in the general glossary as follows:

"Credit Default":	means Level 1 Credit Default or Level 2 Credit Default <u>has the meaning given to that term in Section M3.2.6;</u>
-------------------	--

Remove the following terms from the general glossary:

"Level 1 Credit Default Cure Period":	has the meaning given to that term in Section M3.2.5;
--	--

"Level 1 Credit Default":	has the meaning given to that term in Section M3.2.6;
--------------------------------------	--

"Level 2 Credit Default Cure Period":	means the period referred to in Section M3.3.10;
--	---

"Level 2 Credit Default":	has the meaning given to that term in Section M3.3.1;
--------------------------------------	--