

LEGAL TEXT FOR PROPOSED MODIFICATION P326

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

1. GENERAL

*Insert new paragraph 1.5B to read as follows:*

**1.5B Demand Capacity Factor**

- 1.5B.1 The Panel shall establish and may from time to time revise, and shall provide to BSCCo and make available to all Trading Parties, principles or guidance as to the basis on which values of Demand Capacity Factor are to be assigned to BM Units of different types (of such descriptions as the Panel shall decide) for application on any DCF Non-Working Day.
- 1.5B.2 Where (in accordance with Section K3) a Party applies to register a BM Unit or a Supplier is to be registered as holding Base BM Units:
- (a) the CRA shall so notify BSCCo;
  - (b) BSCCo shall (in accordance with the prevailing principles or guidance established by the Panel under paragraph 1.5B.1) determine and notify to the CRA and to the Party a value of Demand Capacity Factor for such (or each such) BM Unit.
- 1.5B.3 BSCCo may from time to time determine (in accordance with the prevailing principles or guidance established by the Panel under paragraph 1.5B.1) and notify to the CRA and the Lead Party a revised value of Demand Capacity Factor for a BM Unit, together with the date (not sooner than 20 Business Days after such notification, unless the Lead Party agrees otherwise) with effect from which such value is to become effective.
- 1.5B.4 A Party shall, if requested by BSCCo, provide to BSCCo such information as BSCCo may reasonably so request for the purposes of determining a value or revised value of Demand Capacity Factor for any BM Unit of which that Party is or has applied to be Lead Party.
- 1.5B.5 Any value of Demand Capacity Factor determined and notified pursuant to paragraph 1.5B.2(b) or 1.5B.3 by BSCCo shall be the Demand Capacity Factor for the BM Unit upon its registration or (as the case may be) the effective date notified under paragraph 1.5B.3, and shall be binding on all Parties for that purpose, but without prejudice to paragraph 1.5B.6.
- 1.5B.6 The Lead Party in respect of a BM Unit may, within a period of two months following:
- (a) the determination by BSCCo of a value or revised value of Demand Capacity Factor, or
  - (b) any revision by the Panel of the principles or guidance under paragraph 1.5B.1
- by notice to the Panel Secretary request the Panel to re-determine the value of Demand Capacity Factor for the time being applying in respect of the BM Unit.
- 1.5B.7 The Panel will consider any request of a Party pursuant to paragraph 1.5B.6, wherever practicable at the next meeting of the Panel, and will either confirm the prevailing value or determine a new value of Demand Capacity Factor, and BSCCo shall notify the decision of the Panel to the Party and the CRA.

1.5B.8 Where the Panel is requested to redetermine the value of Demand Capacity Factor for a BM Unit, the Panel may do so without reference to the principles and guidance for the time being established under paragraph 1.5B.1 if it considers it appropriate to do so.

1.5B.9 Where the Panel determines (pursuant to paragraph 1.5B.7) a new value of Demand Capacity Factor, that value shall become the Demand Capacity Factor for the BM Unit with effect from the third Business Day (or such later day as the Panel may decide) after the meeting of the Panel at which it was decided.

*Amend paragraph 1.6 to read as follows:*

## **1.6 Import and Export Capabilities**

1.6.1 For the purposes of the Code:

- (a) the BM Unit Credit Assessment Export Capability (BMCAEC<sub>i</sub>) for a BM Unit shall be the quantity (in MW) determined as follows:

$$\text{BMCAEC}_i = \text{CALF}_i * \text{GC}_i$$

- (b) the BM Unit Credit Assessment Import Capability (BMCAIC<sub>ij</sub>) for a BM Unit shall be the quantity (in MW) determined as follows:

$$\text{BMCAIC}_i = \text{CALF}_i * \text{DC}_i * \text{DCF}_i$$

where:

CALF<sub>i</sub> is the Credit Assessment Load Factor applying in relation to the relevant BM Unit;

GC<sub>i</sub> is the Generation Capacity of the BM Unit;

DC<sub>i</sub> is the Demand Capacity of the BM Unit; and

DCF<sub>i</sub> is the Demand Capacity Factor assigned to a BM Unit which:

(i) on a DCF non-Working Day shall be the Demand Capacity Factor assigned to a BM Unit in accordance with paragraph 1.5B; and

(ii) on all other days shall be set to 1.

1.6.2 For each BM Unit the CRA shall:

- (a) upon the registration of the BM Unit, and
- (b) thereafter upon any change in the Credit Assessment Load Factor, Demand Capacity Factor, Generation Capacity or (as the case may be) Demand Capacity of the BM Unit

determine and record in the CRS the BM Unit Credit Assessment Export Capability or (as the case may be) BM Unit Credit Assessment Import Capability for that BM Unit.

## ANNEX X-1: GENERAL GLOSSARY (Version 70.0)

*Insert the following new definition in alphabetical order:*

<b><u>"DCF Non-Working Day":</u></b>	<u>means any day that is a Saturday or a Sunday or a day designated as a bank holiday in England and Wales or in Scotland (as applicable) in accordance with the Banking and Financial Dealings Act 1971 and the St Andrew's Day Bank Holiday (Scotland) Act 2007 as amended from time to time;</u>
<b><u>"Demand Capacity Factor":</u></b>	<u>means a factor determined from time to time in accordance with Section M1.5B;</u>

## ANNEX X-2: TECHNICAL GLOSSARY (Version 36.0)

**Table X-2**

### **Terms and Expressions Applying Except in Relation to Section S**

*Insert the following new term into Table X-2 in alphabetical order:*

<b>Defined Term</b>	<b>Acronym</b>	<b>Units</b>	<b>Definition/Explanatory Text</b>
<u>Demand Capacity Factor</u>	<u>DCF<sub>i</sub></u>		<u>Is defined in Annex X-1.</u> <u>The factor is used to establish the BM Unit Credit Assessment Import Capability for BM Unit i.</u>

**Table X-3**

### **Glossary of Acronyms Applying Except In Relation To Section S**

*Insert the following new acronym into Table X-3 in alphabetical order:*

<b>Acronym</b>	<b>Units</b>	<b>Corresponding Defined Term or Expression</b>
<u>DCF<sub>i</sub></u>		<u>Demand Capacity Factor</u>

## HOUSEKEEPING CHANGES INCLUDED UNDER PROPOSED MODIFICATION P326

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

#### 1. GENERAL

##### 1.2 Energy Indebtedness

*Amend paragraph 1.2.1 as follows:*

1.2.1 For the purposes of the Code:

- (a) in relation to a Settlement Period  $j$  the "**Energy Indebtedness**" ( $EI_{pj}$ , in MWh) of a Trading Party  $p$  shall be the algebraic sum of:
  - (i) the algebraic sum of Actual Energy Indebtedness for Trading Party  $p$  for those Settlement Days  $d$  within the 29 day period for which (at Gate Closure for Settlement Period  $j$ ), Gate Closure has passed for the first Settlement Period of the Settlement Day following that on which the Settlement Calendar specifies that the Interim Information Settlement Run for Settlement Day  $d$  is to take place (but excluding those days for which, as a result of a delay in the Interim Information Settlement Run in accordance with Section T1.4, the ECVAAs does not receive the Interim Information Settlement Run data from the SAA by Gate Closure for the first Settlement Period of the Settlement Day containing Settlement Period  $j$ );
  - (ii) the algebraic sum of Metered Energy Indebtedness for Trading Party  $p$  in relation to those Settlement Days  $d$  within the 29 day period for which paragraph 1.2.1(a)(i) does not apply, and for which (at Gate Closure for Settlement Period  $j$ ), Gate Closure has passed for the first Settlement Period of the Settlement Day following that on which the Settlement Calendar specifies that the Credit Cover Volume Allocation Run for Settlement Day  $d$  is to take place; and
  - (iii) the algebraic sum of Credit Assessment Energy Indebtedness for Trading Party  $p$  in relation to that Settlement Period and all prior Settlement Periods in days falling within the 29 day period for which neither paragraphs 1.2.1(a)(i) or 1.2.1(a)(ii) applies;
- (b) a reference to a Trading Party's Energy Indebtedness at any time is to its Energy Indebtedness in relation to the latest Settlement Period for which Gate Closure occurred before such time;
- (c) in relation to a Settlement Period, the 29 day period means the period of 29 Settlement Days expiring on (and including) the Settlement Day which includes that Settlement Period;
- (d) for the purposes of paragraph 1.2.1(a)(i), where (by Gate Closure for the first Settlement Period of the Settlement Day containing the Settlement Period  $j$ ), the ECVAAs has not received the Interim Information Settlement Run data from the SAA in accordance with Section T5.3.5 for any Settlement Day  $d$  within the 29 day period to which paragraph 1.2.1(a)(i) applies (other than as a result of a delay in the Interim Information Settlement Run in accordance with Section T1.4), the ECVAAs shall use the Metered Energy Indebtedness for the

Settlement Periods in that Settlement Day d but without prejudice to paragraph 4;

- (e) for the purposes of paragraph 1.2.1(a)(ii), where (by Gate Closure for the first Settlement Period of the Settlement Day containing the Settlement Period j), the ECVAAs has not received the Credit Cover Volume Allocation Run data from the CDCA in accordance with Section R5.7.1(d) for any Settlement Day d within the 29 day period to which paragraph 1.2.1(a)(ii) applies, the ECVAAs shall use the Credit Assessment Energy Indebtedness for the Settlement Periods in that Settlement Day d but without prejudice to paragraph 4;
- (f) in relation to a Trading Party and Settlement Day, where BSCCo:
  - (i) is aware that the ECVAAs has not received relevant Interim Information Settlement Run data from the SAA in accordance with Section T5.3.5; or
  - (ii) is aware that the ECVAAs has not received relevant Credit Cover Volume Allocation Run data from the CDCA in accordance with Section R5.7.1(d); or
  - (iii) has substantial evidence or other reasons to believe that the data to be derived from the Initial Settlement Run for that Trading Party and that Settlement Day are likely to be significantly different (in the context of that particular Trading Party) from the corresponding Interim Information Settlement Run data received by the ECVAAs from the SAA in accordance with Section T5.3.5; or
  - (iv) has substantial evidence or other reasons to believe that the data to be derived from the Initial Volume Allocation Run for that Trading Party and that Settlement Day are likely to be significantly different (in the context of that particular Trading Party) from the corresponding Credit Cover Volume Allocation Run data received ~~by~~ from the CDCA in accordance with Section R5.7.1(d);

the absence of such data or the likelihood of such a significant difference (as the case may be) may, if BSCCo so decides and to the extent that it materially affects matters, constitute a material doubt for the purposes of paragraph 3.4.3(a)(~~ii~~); and
- (g) where a Trading Party elects to submit, to BSCCo, such evidence as is referred to in paragraph 1.2.1(~~fe~~), BSCCo must review that evidence as soon as practicable after receiving it, but must verify any opinion formed in relation to such evidence as soon as practicable after receiving a level 1 default notice (in accordance with paragraph 3.2.1(a)(ii)) in relation to that Trading Party.

*Amend paragraph 1.2.4B as follows:*

1.2.4B The Metered Credit Assessment Credited 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:

$$MAQCE_{iaj} = QM_{ij} * (QMPR_{iaj}/100) + QMFR_{iaj}$$

- (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:

$$MAQCE_{iaj} = QM_{ij} - \sum_a MAQCE_{iaj}$$

- (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:

$$MAQCE_{iaj} = CAQCE_{iaj}$$

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.

### **3. CREDIT DEFAULT STATUS**

#### **3.3 Level 2 Credit Default**

*Amend paragraph 3.3.11 as follows:*

3.3.11 If in relation to any Settlement Period a Trading Party's Credit Cover Percentage, as determined by the ECVA, becomes greater than 100% the ECVA 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 BS~~C~~Co.