

SECTION M: CREDIT COVER AND CREDIT DEFAULT (*Version 10.0 including all Approved Modifications awaiting implementation*)

Amend paragraph 2.4.2 as follows:

- 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 ECVAA 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 (and in any 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 ~~the~~such change occurs);₂

Amend paragraph 3.2.5 as follows:

- 3.2.5 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 "~~default cure period~~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.

Amend paragraph 3.2.6 as follows:

- 3.2.6 At the end of the ~~default cure period~~Level 1 Credit Default Cure Period, if the Credit Cover Percentage (as determined by the ECVAA in relation to each Settlement Period) was greater than 75% in relation to every Settlement Period in the ~~default cure period~~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 ~~default cure period~~Level 1 Default Cure 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.

Amend paragraph 3.3.1 as follows:

3.3 Level 2 Credit Default

3.3.1 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 ~~default cure period~~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.

Add new paragraphs 3.3.8 to 3.3.11 as follows:

3.3.8 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 ECVAA 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 ECVAA 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 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 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 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.

Amend paragraph 3.4.3 as follows:

3.4.3 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 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) 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%.

Deleted: BSCCo shall, promptly (but not earlier than) the expiry of the Query Period, give an authorisation notice to the ECVAA unless:

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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

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(in accordance with paragraph 1.2.1(e) and the prevailing principals or guidance established by the Panel in accordance 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;

ANNEX X-1: GENERAL GLOSSARY (Version 19.0 including all Approved *Modifications awaiting implementation*)

Add new definition as follows:

“Business Hours”: means unless otherwise expressly stated the period from 0900 hours to 1700 hours on a Business Day;

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

“Level 2 Credit Default Cure” means the period referred to in Section M3.3.10;

Period: