Final Modification Report No.22

Introduction of Monthly Credit Monitoring Processes

20th May 2026

The Transporter has prepared this Final Modification Report No.22 in accordance with section A8 of the Code Modification Rules.

A Description of the nature and purpose of the modification

This proposal is being made to introduce a new monthly monitoring process for Shipper credit positions and to make associated process changes in relation to the PRISMA IP Capacity platform and Reconciliation Payments.

Increased use of short-term capacity products and greater gas price volatility have given rise to increasing misalignment between the annual credit requirements under the NI Network Gas Transmission Code ("the Code") and the profile of Shipper credit risk through the year. Some Shippers have requested to reduce their placed credit during the Gas Year. This is already permitted but has highlighted that the Code text could provide more granularity on this, as well as credit for Reconciliation Payments. During the last Gas Year, there was also a need for the Transporter to update a Shipper's credit position on the PRISMA platform during the year for the first time.

The Transporter has always monitored Shipper's credit positions during the Gas Year but considers that a formal monthly process is now required. This will provide greater clarity over within year credit requirements and enable the Transporter to update PRISMA as a matter of routine, to ensure that Shippers are not unduly prevented from accessing IP Entry Capacity. The Proposed Modification updates the credit provisions in the Code to make them clearer and more flexible for Shippers, whilst maintaining the 80% credit cover requirement.

B How the modification better facilitates the relevant objective

The Relevant Objective (condition 2.4 of the Transporter Licences) will be better facilitated by the NI Network Gas Transmission Code as a result of the proposed changes. This change will support the economic and efficient operation of the network by improving the clarity of the credit arrangements in the NI Network Gas Transmission Code, ensuring Shippers are able to manage their credit flexibly and as efficiently as possible, whilst maintaining the Shipper community protection that the credit rules provide.

C The clauses of the NI Network Gas Transmission Code that require amendment

This proposal will amend Section 18:*Credit Procedures* of the NI Network Gas Transmission Code, as set out in section I below.

D Impact on the networks of the Designated Pipeline Operators, Adjacent Transporters and/or relevant agreements in respect of the NI Network:

The Transporter has considered the impacts the modification may have and concluded as follows:

Operation of the networks of the Designated Pipeline Operators

No Impact.

Adjacent Transporters

No Impact.

Relevant NI Agreements

No Impact

E Third Party Representations

Responses were received from three shippers. The Transporter thanks the respondents for their detailed considerations and welcomes the general support expressed for the proposed monthly monitoring process. Amongst other supportive comments, Shippers stated:

- they welcome the improvement in transparency the proposed changes provide;
- they agree that a more dynamic approach to credit assessment can better reflect the profile of shipper exposure throughout the Gas Year whilst also maintaining the core requirement for 80% cover; and
- they find the proposed process of contacting Shippers where there is any shortfall to be helpful.

There was a theme amongst the responses of the need for operational clarity, including the need to provide a clear statement of the basis for any update to the credit position, and to maintain clear and specific contacts for the purpose of notifying updates on a Shipper's credit position. The Transporter notes this latter point and invites Shippers to also check the contact details which have been provided to GMO NI and have their own processes in place to make sure these are regularly maintained.

One respondent highlighted the importance of ensuring that Shipper's PLCS values are correctly and promptly updated on PRISMA especially around the changeover of the Gas Year. This is an important part of the intended improvements to be delivered through this modification.

The Transporter notes all these operational points and will endeavour to ensure that it is as clear as possible in all its associated communications.

One respondent also proposed that in the longer term, the Utility Regulator should review the 80% credit cover requirement, noting that other jurisdictions take different approaches, including basing it on the number of days a Shipper is overdue on its payment obligations. They highlight that in the Republic of Ireland, the requirement is for 72 days' worth of annual capacity booking plus full cover for daily and monthly capacity booking.

The Transporter notes that other jurisdictions have less onerous credit requirements.

However, the arrangements in Northern Ireland reflect the mutualisation of transmission pipelines, which has enabled lower overall transportation costs. The 80% credit cover requirement was established to underpin the low cost of debt for the mutualised assets and hence could not be amended without the consent of MEL's financiers. In addition, under these arrangements, the primary exposure to credit default rests with the Shipper community, as opposed to GMO NI. Undertaking a more extensive credit review would therefore be a much wider discussion in the unique Northern Ireland context.

<u>Requests for specific changes to the proposed approach</u>

1. Two of the three respondents requested that the Transporter notify all Shippers of their revised credit position each month, rather than only in the event of a shortfall.

2. One of the respondents objected to the reduction in the timeline for Shippers to update their placed credit from 10 to 5 Business Days and asked that the original 10 Business Days be retained.

Transporter's response to specific change requests

1. Updates of all changes in credit position each month

The Transporter appreciates that Shippers are likely to prefer to be updated each month on their revised credit position. However, there is currently no system functionality in Delphi to provide this, which means it would have to be an entirely manual process. Updating all 18 operational Shippers with a full report each month by email has the potential to introduce administrative errors and would require time and resources which are not currently available within GMO NI. Developing the requisite IT systems for an automated process would have material time and cost implications.

Given that there is support for the introduction of these arrangements, at this time the Transporter intends to retain the proposed drafting, and to only inform Shippers as part of these new monthly processes where there is an increase to their credit requirement. This will be delivered through a manual administrative process. A full statement of how the determination of any increase in a Shipper's credit requirement has been made will be provided where this applies. It should be noted that it is likely that in normal circumstances for most Shippers, their credit requirement will simply reduce each month.

In addition, to aid transparency, the Transporter intends to publish a clear statement of the method of calculation of the credit requirement. It will also explore whether it is feasible to publish a simple Excel model that Shippers could access and use to model their own credit requirements on an ongoing basis.

The Transporter will also monitor enquiries and requests for confirmation of Shippers' credit positions, along with the overall implementation of these arrangements. Should it become clear that a full systemisation of the method of informing Shippers is needed, it will revisit this topic accordingly.

2. Reduction in timeline for Shippers to update their placed credit from 10 to 5 Business Days.

The Transporter has considered this request. The original proposed text was intended to deliver the increased credit before the end of the calendar month to better mitigate the risk of a Shipper's deteriorating position running into the following month. However, having reviewed the timing and the potential exposure within the full monthly invoicing cycle, the Transporter considers that maintaining the existing timeline for Shippers would not appear to present a material increase in credit risk, and notes that the credit position would now be revisited again at M+15 the following month under these new arrangements. The Transporter has therefore concluded that the existing timeline for Shippers updating their placed credit can be retained at this time.

However, there is also a possibility that an increasing number of Shippers start to reduce their credit each month or otherwise adopt greater variability in their practices around placing credit, increasing both the administrative burden and the potential credit risk. Should this occur, the Transporter will review this timeline again and may raise further Code changes to streamline and manage the processes more closely and ensure credit cover is securely maintained for the Shipper community.

Any unpaid invoices would still be pursued through the normal routes and within the established timescales, and the rules for calling the Credit Committee in the case of credit default positions will remain unchanged.

The Transporter will still shorten its own timeline for determining that placed credit is sufficient from 10 to 5 Business Days.

F Transporters Recommendation and relevant Justification Factors

The Transporter recommends that this Proposed Modification be implemented for the following reasons:

- The Transporter considers that the current annual approach no longer provides sufficient alignment between credit cover and within-year risk, particularly in light of increased use of short-term capacity products and greater gas price volatility. and that clearer and more dynamic reassessment arrangements are now required.
- The Proposed Modification introduces a formal monthly credit monitoring process to ensure Shipper credit requirements more accurately reflect actual exposure throughout the Gas Year.
- The proposed approach improves transparency, operational clarity and flexibility for Shippers by formalising processes for monthly reassessments, updates to placed credit, treatment of Reconciliation Payments and updates to PRISMA credit positions.
- The proposal will help ensure that Shippers are not unnecessarily prevented from accessing IP Entry Capacity by allowing the Transporter to routinely reassess and update credit positions on the PRISMA platform.
- The Transporter believes the changes will better facilitate the Relevant Objective by supporting the economic and efficient operation of the network, enabling Shippers to manage credit more efficiently whilst maintaining the existing 80% credit cover requirement that protects the wider Shipper community.
- Consultation responses demonstrated broad support for the proposed approach, particularly in relation to improved transparency and the introduction of a more dynamic credit assessment process.
- The Transporter has amended the proposal to retain the existing timeframe of 10 Business Days for a Shipper to update their placed credit, following stakeholder feedback, and will monitor this position and the ongoing operation of the new arrangements to ensure that it remains practical and workable within the new monthly cycle of credit monitoring.

G Changes to the Initial Modification Report

In line with request 2 described above, the final proposed text of section 18.7.2 has been revised since the Initial Modification Report, to retain the timeline for Shippers to place increased credit at 10 Business Days. Please see the highlighted text in the Final Legal Text below.

H The date proposed for implementation

The Transporter proposes that these arrangements should come into effect from 1st June 2026, or if later, the data of approval of this Proposed Modification by the Authority.

I Final Legal Text

Update Section 18: Credit Procedures to read as follows:

18. CREDIT PROCEDURES

18.1 Introduction

Application for Credit under this Code

18.1.1 In this Code:

(a) a **"Required Level of Credit Support"** means, in respect of a Shipper or Prospective Shipper, the minimum level of credit which the Transporter shall require such Shipper or Prospective Shipper to establish and maintain in accordance with this section 18;

(b) a **"Provided Level of Credit Support"** means, in respect of a Shipper or Prospective Shipper, the sum of the Secured Credit Support and Unsecured Credit Support which such Shipper or Prospective Shipper has placed with the Transporter in accordance with this section 18;

(c) a **"Credit Application"** is a request from a Shipper or Prospective Shipper to the Transporter to determine the Required Level of Credit Support that the Shipper or Prospective Shipper is required to establish in order for it to reserve and utilise IP Entry Capacity, Non-IP Entry Capacity, Exit Capacity and/or Interruptible VRF IP Exit Capacity and/or for it to trade at the Trading Point;

(d) a **"Credit Application Form"** is a form provided by the Transporter in the Prescribed Form setting out the administrative and forecast information required for the purposes of calculating the Required Level of Credit Support~~.~~;

(e) the **"Credit Period"** means Gas Year Y, or where a Credit Application is received within Gas Year Y or a Shipper's Required Level of Credit Support or Provided Level of Credit Support is reassessed within Gas Year Y, the remainder of that Gas Year Y.

18.1.2 In accordance with this section 18, a Shipper (including for the avoidance of doubt, the Stranraer Shipper pursuant to section 27) shall submit a Credit Application to the Transporter:

(a) in respect of each Gas Year; and

(b) within a Gas Year, in the event of a reassessment of a Shipper's Required Level of Credit Support in accordance with ~~section 18.8~~ sections 18.8.2 and 18.8.3.

18.1.3 The Transporter shall provide a Credit Application Form to each Shipper:

(a) each Gas Year by the 1st Business Day in June; and

(b) within a Gas Year, where a re-assessment is required pursuant to one or more of sections ~~18.8.1 (a) to (e)~~18.8.2 (b) to (e) ~~–~~or where a Shipper requests a re-assessment pursuant to section ~~18.8.1 (f)~~ 18.8.2(f) in respect of such Gas Year.

18.1.4 A Shipper shall complete and submit the Credit Application Form to the Transporter:

(a) in respect of section 18.1.2~~-~~(a) by no later than the 10th Business Day in July; and

(b) in respect of section 18.1.2(b), by the 10th Business Day in the Month, otherwise it will be considered at the Monthly Reassessment in the following Month, ~~as soon as possible~~.

18.1.5 A Prospective Shipper:

(a) may request a Credit Application Form and submit its' completed form to the Transporter at any time;

(b) where section 18.2.1 applies, may request a Required Level of Credit Support of zero in accordance with the remainder of section 18.2.

18.1.6 A Shipper or a Prospective Shipper shall provide, together with its Credit Application Form, a copy of its most recent audited accounts and such further information as the Transporter may reasonably require for the purposes of determining a Prospective Shipper's or Shipper's Required Level of Credit Support.

Credit Processes

18.1.7 On receipt of a Credit Application:

(a) the Transporter shall calculate the Required Level of Credit Support in accordance with section 18.3;

(b) the Transporter shall notify the Shipper (or Prospective Shipper) of the Required Level of Credit Support in accordance with section 18.4;

(c) the Shipper (or Prospective Shipper) shall place its Provided Level of Credit Support and notify the Transporter using a PLCS Form in accordance with sections 18.5 and 18.6; and

(d) the Transporter shall determine whether the Required Level of Credit has been established in accordance with section 18.7.

18.1.8 By the 15th Business Day of each Month the Transporter shall reassess a Shipper's Required Level of Credit Support and Provided Level of Credit Support in accordance with section 18.8.1.

18.1.~~8~~9 At any time within a Gas Year:

(a) a Shipper may voluntarily increase its Provided Level of Credit Support by submitting a PLCS Adjustment Form in accordance with section ~~18.6.4~~18.6.8;

(b) the Transporter shall reassess a Shipper's Required Level of Credit Support in accordance with section ~~18.8.1~~18.8.2;

(c) the Transporter shall reassess a Shipper's Provided Level of Credit Support in accordance with section ~~18.8.2~~18.8.3;

(d) where a Shipper requests a reassessment of its Required Level of Credit Support in accordance with section ~~18.8.1(f)~~ 18.8.2(f) the Transporter shall treat such request as a new Credit Application;

(e) the Transporter may draw down on a Shipper's Provided Level of Credit Support in accordance with section 18.9;

(f) the Transporter may convene a meeting of the Credit Committee in accordance with section 18.10;

(g) where a Shipper does not have an established Required Level of Credit Support in accordance with section 18.7:

(i) a Shipper's bids on the Capacity Platform may be rejected in accordance with section 2.6 and section 18.7.7;

(ii) the Transporter may reject any Exit Capacity Application by such Shipper in accordance with section 3.3.6;

(iii) the Transporter may reject IP Nominations by such Shipper in accordance with section 6.7; and

(iv) the Transporter may reject Exit Nominations by such Shipper in accordance with section 6.11

(v) the Transporter may reject a request for a further Registration under section 22;

and the Transporter may revoke access to the Delphi System and the Capacity Platform accordingly.

Duration of Credit Support

18.1.~~9~~ 10 The Required Level of Credit Support for a given Gas Year Y shall apply in respect of the following Charges relating to Gas Year Y ~~from the date on which the Transporter issues its determination of the Required Level of Credit Support in accordance with section 18.4.1 and for the avoidance of doubt may be reduced within the Gas Year Y if (following a reassessment in accordance with section 18.8) a determination is made by the Transporter that there has been a reduction in the Required Level of Credit Support for Gas Year Yfor~~ :

(a) IP Entry Capacity Charges in respect of the Gas Year which are incurred in Capacity Auctions ahead of Gas Year Y and which become payable during Gas Year Y;

(b) Charges incurred during any Month in Gas Year Y which become payable during Gas Year Y;

(c) Charges incurred during any Month in Gas Year Y which become payable following the end of the Gas Year Y; and

(c) Reconciliation Payments payable by the Shipper to the Transporter for Gas Year Y.

18.1.11 A Shipper may request to reduce its Provided Level of Credit Support for Gas Year Y during the Gas Year in accordance with section 18.6.8 provided always that a Shipper shall maintain its Provided Level of Credit Support for Gas Year Y at the Required Level of Credit Support for such Credit Period until such time as the Shipper has paid all amounts which fall due to be paid by it in respect of Gas Year Y.

~~18.1.10 If a Shipper has a Required Level of Credit Support for Y+1 which is lower than the Required Level of Credit Support for Gas Year Y, the~~ A~~Shipper shall maintain its Provided Level of Credit Support at the Required Level of Credit Support for Gas Year Y until such time as the Shipper has paid all amounts which fall due to be paid by it in respect of Gas Year Y~~.~~, including amounts which become payable following the calculation of the Year-End Postalised Charges for Gas Year Y and the invoicing of Reconciliation Payments for Gas Year Y.~~

18.1.12 Subject to the terms of the relevant Provided Level of Credit Support placed by a Shipper, where a Shipper:

(a) has an established Provided Level of Credit Support in respect of Gas Year Y+1, the Transporter may take account of such credit in respect of any Charges for Gas Year Y;

(b) has an established Provided Level of Credit Support in respect of Gas Year Y, the Transporter may take account of such credit in respect of Auctions for Short Term Capacity Products for Gas Year Y+1 which take place during Gas Year Y,

and in each case section 18.6.10 shall apply.

18.1.13 Pursuant to section 18.1.12, a Shipper may notify the Transporter in writing if it does not want:

(a) a Provided Level of Credit Support for Gas Year Y+1 to be taken into account for Charges in relation to Gas Year Y; or

(b) a Provided Level of Credit Support for Gas Year Y to be taken into account for Charges for Forecast Short Term Charges for Gas Year Y+1.

18.2 Application for a Required Level of Credit Support of zero on accession to the Code

18.2.1 Where a Prospective Shipper applies to become a Shipper under this Code prior to 30th September in Y-1 but only anticipates reserving Exit Capacity and/or IP Capacity for Gas Year Y or subsequent Gas Years, the Prospective Shipper may submit a Credit Application requesting a Required Level of Credit Support of zero in respect of Y-1.

18.2.2 If a Prospective Shipper requests a Required Level of Credit Support of zero in accordance with section 18.2.1 the Prospective Shipper shall:

(a) provide information accompanying its Credit Application setting out the relevant Gas Year(s) for which the Shipper anticipates reserving Exit Capacity and/or IP Capacity;

(b) use reasonable endeavours to provide accurate forecast information on its Credit Application in respect of the relevant Gas Year(s) referred to in section 18.2.2(a) and any future Gas Years requested by the Transporter in respect of the Credit Application; and

(c) provide any such alternative evidence of credit worthiness as the Transporter may deem appropriate for the purposes of becoming a Shipper under this Code ("**Alternative Evidence of Credit Worthiness**").

18.2.3 The Transporter shall inform the Prospective Shipper if its request for a Required Level of Credit Support of zero for Y-1 has been accepted.

18.2.4 For the avoidance of doubt, if the Prospective Shipper's request for a Required Level of Credit Support of zero for Y-1 is accepted by the Transporter:

(a) the Prospective Shipper shall not be required to place any Provided Level of Credit Support for Y-1;

(b) when the Prospective Shipper becomes a Shipper it is required to submit Shipper Forecast Information Requests in respect of Gas Year Y and Gas Years thereafter in accordance with section 16 and the provisions of this Code shall have full force and effect from the effective date of the Shipper's executed Accession Agreement in accordance with section 22.2.5; and

(c) such Shipper shall not be entitled to submit Nominations in respect of Y-1.

18.2.5 Where a Shipper subsequently wishes to reserve and utilise Exit Capacity and/or IP Capacity in Y-1 for which it has a Required Level of Credit Support of zero, it shall promptly request and submit a revised Credit Application to the Transporter.

18.3 Calculation of the Required Level of Credit Support

18.3.1 In this Code:

(a) "**Rolling Average PS Code Charge**" means~~, for Gas Year Y~~:

(i) the sum of all Shippers' PS Code Charges incurred during the Relevant 12-month Period; divided by

(ii) the sum of the Average Total System Aggregate Throughput during the Relevant 12-month Period;

(b) **"Relevant 12-month Period"** means the 12-month period for which CC Invoices have been issued immediately preceding the Day on which the Rolling Average PS Code Charge is calculated;

(c) **"Average Total System Aggregate Throughput"** means the Total System Aggregate Throughput divided by 2;

(d) **“Commodity Value of Trades”** means:

(i) the forecast total quantity of Trade Buy Nominations that the Trader will submit in Gas Year Y; multiplied by

(ii) the Rolling Average PS Code Charge;

(e) **“Forecast Supplier Quantity”** has the meaning given to it in the Licences and, for the avoidance of doubt, such forecast does not include quantities of gas nominated to be offtaken at a VRF IP Exit Point;

(f) **“Forecast VRF IP Exit Quantity”** means the quantity of gas that a Shipper estimates it will nominate to be offtaken at a VRF IP Exit Point in respect of Gas Year Y;

(g) **“Total Forecast Commodity Quantity”** means the sum of Forecast Supplier Quantity and Forecast VRF IP Exit Quantity; and

~~(h) **“Credit Period”** means Gas Year Y or where a Credit Application is received within a Gas Year, the remainder of that Gas Year.~~

(~~i~~h) **“Forecast IP Entry Nominations”** means the quantity of gas that a Shipper estimates it will nominate to be delivered at IP Entry Points in respect of Gas Year Y;

(~~j~~i) **“Forecast Trade Buy Nominations”** means the forecast total quantity of Trade Buy Nominations that a Shipper will submit in Gas Year Y;

(~~k~~j) **“Forecast Trade Sell Nominations”** means the forecast total quantity of Trade Sell Nominations that a Shipper will submit in Gas Year Y;

(~~l~~k) **“Forecast DBEP Nominations”** means the quantity of gas that a Shipper estimates it will nominate to deliver at a DBEP under the distribution network codes;

(~~m~~l) **“Forecast Aggregate Throughput”** means, in respect of a Shipper:

(i) the sum of the Shipper’s Forecast IP Entry Nominations, Forecast Daily DBEP Nominations and the Shipper’s Forecast Trade Buy Nominations; plus

(i) the sum of the Shipper’s Forecast VRF IP Exit Quantity, the Shipper’s Forecast Supplier Quantity and the Shipper’s Forecast Trade Sell Nominations;

(~~n~~m) **“Forecast Average Throughput”** means, in respect of a Shipper, the Shipper’s Forecast Aggregate Throughput divided by 2;~~.~~

(n) **“Forecast Reconciliation Payment”** means the amount forecast to be paid to, or to be paid by, a Shipper in respect of Year-End Postalised Charges for Gas Year Y.

Components of the Required Level of Credit Support for Shippers

18.3.2 In respect of a Credit Period, the Required Level of Credit Support that a Shipper or Prospective Shipper shall be required to establish shall be of a value equal to 80 per cent of the sum of:

(a) a forecast of the Forecast Postalised Charges that the Shipper or Prospective Shipper will incur during ~~Gas Year Y~~the Credit Period on the NI Network calculated in accordance with section 18.3.6; plus

(b) a forecast of the PS Code Charges that the Prospective Shipper or Shipper will incur during ~~Gas Year Y~~the Credit Period on the NI Network calculated in accordance with section 18.3.7~~.~~; plus

(c) any amounts in respect of the Credit Period which have been incurred but which are not yet due for payment; plus

(d) any overdue PS Transmission Amounts and Outstanding PS Code Charges in respect of the Credit Period.

Components of the Required Level of Credit Support for Traders

18.3.3 In respect of a Credit Period, the Required Level of Credit Support that a Trader shall be required to establish shall be of a value equal to 80 per cent of the Traders' Commodity Value of Trades plus any amounts incurred but not yet due for payment and any Outstanding PS Code Charges.

18.3.4 For the avoidance of doubt (in respect of a Shipper who may also trade at the Trading Point):

(a) section 18.3.3 shall not apply to a Shipper who has an IP Registration or an Exit Point Registration and who intends to make IP Nominations and/or Exit Nominations in Gas Year Y and the Required Level of Credit Support for such a Shipper shall be determined solely in accordance with section 18.3.2; and

(b) such a Shipper shall not be required to establish the Required Level of Credit Support set out in section 18.3.3 in addition to the Required Level of Credit Support set out in section 18.3.2.

Calculation of Forecast Postalised Charges

18.3.5 In respect of a Credit Period, in order to calculate the Forecast Postalised Charges that a Shipper or Prospective Shipper is likely to incur in relation to the Credit Period the Transporter shall first determine:

(a) its forecast of the Shipper's or Prospective Shipper's Total Forecast Commodity Quantity as the higher of:

(i) the Shipper's or Prospective Shipper's estimated Total Forecast Commodity Quantity as set out in its Credit Application; and

(ii) the Total Forecast Commodity Quantity which the Transporter reasonably estimates that the Shipper or Prospective Shipper will nominate to be offtaken from the NI Network during the Credit Period; and

(b) its forecast of the Shipper's or Prospective Shipper's IP Capacity and Exit Capacity as the higher of:

(i) the Shipper's or Prospective Shipper's forecast of IP Capacity and Exit Capacity it will hold during the Credit Period as set out in its Credit Application; and

(ii) the IP Capacity and Exit Capacity which the Transporter reasonably estimates that the Shipper or Prospective Shipper will hold during the Credit Period~~.~~;

and

(c) from the 15th Business Day in August in Gas Year Y only, its forecast of the Shipper's or Prospective Shipper's Forecast Reconciliation Payment which the Transporter reasonably estimates shall be payable by the Shipper for such Gas Year Y.

18.3.6 The Transporter shall calculate the Shipper's or Prospective Shipper's total Forecast Postalised Charges in respect of a Credit Period as the sum of the Forecast Postalised Charges that will be payable in respect of:

(a) the volume of gas estimated to be nominated to be offtaken by the Shipper or Prospective Shipper in the Credit Period as determined in accordance with section 18.3.5(a); and

(b) the IP Capacity and Exit Capacity estimated to be held by the Shipper or Prospective Shipper in the Credit Period as determined in accordance with section 18.3.5(b); and

(c) from the 15th Business Day in August until the end of the Gas Year Y only, the Shipper's or Prospective Shipper's Forecast Reconciliation Payment which will be payable by the Shipper to the Transporter for Gas Year Y,

~~and~~ in accordance with the Licences.

Calculation of Forecast PS Code Charges

18.3.7 In respect of a Credit Period, the Transporter shall calculate the forecast PS Code Charges that a Shipper or Prospective Shipper is likely to incur in the Credit Period as an amount equal to the value of the Shipper's Forecast Average Throughput for the Credit Period multiplied by the Rolling Average PS Code Charge.

No Requirement for Credit Support for IP Capacity Transfers and Exit Capacity Transfers

18.3.8 For the avoidance of doubt, the Transporter shall have no obligations or liability in relation to credit support for:

(a) IP Capacity Transfers and/or Exit Capacity Transfers; and

(b) transfers of gas between Shippers at the Trading Point,

and such matters shall be addressed directly between Shippers.

Calculation of Short Term Required Level of Credit Support

18.3.9 In this Code:

(a) "**Forecast Short Term Charges**" means the forecast charges for Short Term Capacity Products;

(b) "**Forecast Other Charges**" comprises forecast charges for:

(i) Forecast Postalised Commodity Charges;

(ii) Exit Capacity;

(iii) Yearly IP Entry Capacity; and

(iv) PS Code Charges;

(c) "**Short Term Capacity Products**" means Monthly IP Entry Capacity, Daily IP Entry Capacity, Quarterly IP Entry Capacity and Interruptible VRF IP Exit Capacity.

18.3.10 Where a Shipper forecasts in its Credit Application that it will use Short Term Capacity Products, the Transporter shall calculate the minimum value of the Shipper's total Required Level of Credit Support which is required to cover Forecast Short Term Charges ~~as 80 per cent of the Forecast Short Term Charges~~ (**"$\text{STRLCS}_{\text{min}}$"**) in accordance with section 18.3.11.

18.3.11 The Transporter shall calculate the $\text{STRLCS}_{\text{min}}$ as the sum of 80 per cent of the Forecast Short Term Charges in respect of each IP Entry Point during the Credit Period. Any statement of the $\text{STRLCS}_{\text{min}}$ shall set out the relevant components for each IP Entry Point.

18.4 Determination and Notification of the Required Level of Credit Support by the Transporter

18.4.1 By no later than the 10th Business Day in August in each Gas Year Y ~~year~~, ~~and within 10 Business Days of any receipt of any submission of a revised Credit Application within a Gas Year~~, the Transporter shall determine and inform a Shipper (including a Trader) of its' Required Level of Credit Support for Gas Year Y+1 by providing a form setting out:

(a) the total Required Level of Credit Support;

(b) the $\text{STRLCS}_{\text{min}}$ (if applicable); and

(c) to what extent the Required Level of Credit Support may be met through the provision of Unsecured Credit Support and the amount, if any, of Secured Credit Support required to make up any deficiency,

in the Prescribed Form (a **"RLCS Form"**).

18.4.2 Subject to section 18.4.3, following any reassessment by the Transporter of a Shipper's Required Level of Credit Support (including a Monthly Reassessment), where the Transporter determines that a Shipper has an insufficient Provided Level of Credit

Support, it shall provide the Shipper with a revision to the RLCS Form (a **"Revised RLCS Form"**) within 1 Business Day. For the avoidance of doubt, the Transporter shall not notify a Shipper of any reduction in the Required Level of Credit Support identified in a Monthly Reassessment.

18.4.3 On receipt of any submission of a revised Credit Application within a Gas Year, the Transporter shall provide a Shipper with a Revised RLCS Form within 1 Business Day of the next Monthly Reassessment immediately following receipt of such revised Credit Application.

18.4.~~2~~4 If for any given Gas Year Y, the Transporter forecasts, pursuant to section 18.3, that a Shipper's Forecast Postalised Charges will be zero, the Transporter may determine that the Shipper's Required Level of Credit Support shall be zero and such Shipper shall not be required to place any Provided Level of Credit Support for that Gas Year Y, provided always that if a Shipper subsequently wishes to reserve and utilise Exit Capacity and/or Short Term Capacity Products in that Gas Year Y the Shipper shall promptly submit a revised Credit Application to the Transporter.

18.5 Placing a Provided Level of Credit Support ~~and Acceptable forms of credit support~~

18.5.1 A Shipper shall place a Provided Level of Credit Support that is at least equal to its total Required Level of Credit Support in a form that is acceptable to the Transporter in accordance with ~~this~~ Annex A18~~section 18.5~~, notwithstanding the subdivision of the Provided Level of Credit Support for Forecast Short Term Charges and Forecast Other Charges under sections 18.5.2 and 18.5.3. For the avoidance of doubt, a Shipper may place a Provided Level of Credit Support that is greater than its Required Level of Credit Support.

Treatment of Short Term Provided Level of Credit Support

18.5.2 Where the Transporter has determined a $STRLCS_{min}$ in accordance with section 18.3.10 and 18.3.11, part of a Shipper's Provided Level of Credit Support shall be treated as being provided for credit support in relation to Forecast Short Term Charges (the **"STPLCS"**). The STPLCS must be equal to or greater than the $STRLCS_{min}$ at all times.

18.5.3 That part of the Provided Level of Credit Support which is not treated as being the STPLCS shall be treated as being provided for credit support in relation to Forecast Other Charges (the **"OCPLCS"**).

~~**Acceptable forms of credit support**~~ *[Please note these provisions been relocated to a new Annex at the end of this section 18]*

~~18.5.4 A Shipper or a Prospective Shipper may elect to place credit support in any one or more of the following ways:~~

~~(a) subject to section 18.5.7, provision of security by way of "long term" Baa or higher investment grade rating as defined by Moody's, an Equivalent Rating from an Equivalent Agency, or, if the Securer does not hold a credit rating by way of an Equivalent Rating based on the Accounting Ratios specified in section 18.5.9;~~

~~(b) subject to section 18.5.7, provision of security given by way of guarantee from a Government or other entity (which entity is empowered to give such guarantee) in each case holding at least a "long term" Baa investment grade as defined by Moody's, an Equivalent Rating from an Equivalent Agency, or, if the Securer does not hold a credit rating by way of an Equivalent Rating based on the Accounting Ratios specified in section 18.5.9, which guarantee must, in any event, be given substantially in the form of the guarantee set out in Appendix 5 and, if so requested by the Transporter, be supported by a Legal Opinion, or by way of the relevant Government or other entity, being a party to the relevant Accession Agreement with payment obligations in respect of the entire consideration and other liabilities there under and under the Code;~~

~~(c) provision of security given by way of a cash deposit which shall be:~~

~~(i) paid into a designated bank account of the Transporter in the United Kingdom (which may include other Shipper's cash deposits);~~

~~(ii) held on trust by the Transporter for the benefit of the Shipper and the Transporter in accordance with the provisions of this section 18.5.4(c);~~

~~(iii) used by and revert in title to the Transporter in the event of Shipper default in accordance with section 18.9.2 to the extent of amounts accrued and due to the Transporter from the Shipper (whether or not invoiced);~~

~~(iv) repaid in full to the Shipper (to the extent not used by the Transporter pursuant to section 18.5.4 (c) (iii) above) in the event that:~~

~~(a) an alternative Provided Level of Credit Support is placed by the Shipper in accordance with the terms of this section 18.5 and the Transporter subsequently determines that the Required Level of Credit Support has been established; or~~

~~(b) the Shipper ceases to be a Party to this Code and there are no amounts due and payable by the Shipper which are unpaid and no Party to the Code remains under any obligation actual or contingent the observance or performance of which would give rise to an obligation on the Shipper to make a payment under the Code;~~

~~(v) the perpetuity period under the rule against perpetuities, if applicable to any trust arising pursuant to this section, shall be the period of 125 years from the date of such trust arising.~~

~~(d) provision of security given by way of a guarantee or irrevocable standby letter of credit issued by a UK branch of a financial institution with a long term credit rating of not less than A3 as defined by Moody's or an Equivalent Rating from an Equivalent Agency, issued in favour of the Transporter in the form set out in Appendix 5 parts I and II respectively or such other form as the Transporter may agree and, if so requested by the Transporter, security given by way of a guarantee shall be supported by a Legal Opinion;~~

~~where "**Equivalent Agency**" means Fitch, IBCA, or Standard and Poors and "**Equivalent Rating**" shall be construed accordingly.~~

~~Secured and Unsecured Credit~~

~~18.5.5 Security given by way of any of the methods described in section 18.5.4 (a) or section 18.5.4 (b) is "**Unsecured Credit Support**", and security given by way of any of the methods described in section 18.5.4(c) or section 18.5.4(d) is "**Secured Credit Support**".~~

~~18.5.6 For the avoidance of doubt:~~

~~(a) a Shipper may use more than one of the methods in section 18.5.4 to place its' Provided Level of Credit Support provided that the total value of security placed is at least equal to its' Required Level of Credit Support; and~~

~~(b) a Provided Level of Credit Support may be placed using both Secured Credit Support and Unsecured Credit Support subject to sections 18.5.7, 18.5.8 and 18.5.16.~~

~~Maximum Allowed Unsecured Credit~~

~~18.5.7 The maximum amount of credit which the Transporter may grant to a Shipper or Prospective Shipper based on Unsecured Credit Support (**"Maximum Allowed Unsecured Credit"**) shall be limited to a value equal to the lower of:~~

~~(a) 10% of the Securer's Net Assets; and~~

~~(b) either:~~

~~(i) the amount listed in the table set out in section 18.5.8 under the column heading "Maximum Allowed Unsecured Credit" on the row corresponding to that Securer's credit rating; or~~

~~(ii) the amount listed in the table set out in section 18.5.8 under the column heading "Maximum Allowed Unsecured Credit" on the row corresponding to that Securer's Notional S&P Credit Rating as determined by the Transporter in accordance with section 18.5.10,~~

~~where the "**Securer**" is the Shipper or Prospective Shipper (whichever is applicable) if the Unsecured Credit Support is provided under section 18.5.4(a), or the guarantor if the Unsecured Credit Support is provided under section 18.5.4(b).~~

~~18.5.8 Maximum Allowed Unsecured Credit shall be determined in accordance with the following table:~~

~~**Moody's Credit Rating**~~	~~**Standard & Poor Credit Rating**~~		~~**Maximum Allowed Unsecured Credit (£)**~~
~~Aaa~~	~~AAA~~		~~30,000,000~~
~~Aa~~	~~AA~~		~~22,000,000~~
~~A~~	~~A~~		~~16,000,000~~
~~Baa~~	~~BBB~~		~~10,000,000~~

~~and numerical or other modifiers to Moody's Credit Rating or Standard & Poor's Credit Rating shall be disregarded.~~

~~18.5.9 Unsecured Credit Support provided by a Securer under sections 18.5.4(a) and/or section 18.5.4(b) by way of Accounting Ratio shall be assigned a Notional S&P Credit Rating in accordance with the following tables and section 18.5.10:~~

~~(a) Ratio ranges for Transmission Utilities~~

~~**Ratio ranges for Transmission Utilities**~~			
~~Accounting Ratio~~	~~Notional S&P Credit Rating~~		
	~~AA~~	~~A~~	~~BBB~~
~~FFO Interest Coverage~~	~~above 3.3~~	~~above 2.0 to 3.3~~	~~1.5 to 2.0~~
~~FFO to Total Debt (%)~~	~~above 15~~	~~above 10 to 15~~	~~5 to 10~~

~~(b) Ratio ranges for Distribution Utilities and Supplier Utilities~~

~~**Ratio ranges for Distribution Utilities and Supplier Utilities**~~			
~~Accounting Ratio~~	~~Notional S&P Credit Rating~~		
	~~AA~~	~~A~~	~~BBB~~
~~FFO Interest Coverage~~	~~above 5.0~~	~~above 3.0 to 5.0~~	~~2.0 to 3.0~~
~~FFO to Total Debt (%)~~	~~above 28~~	~~above 15 to 28~~	~~8 to 15~~

~~(c) Ratio ranges for Integrated Utilities~~

~~**Ratio ranges for Integrated Utilities**~~			
~~Accounting Ratio~~	~~Notional S&P Credit Rating~~		
	~~AA~~	~~A~~	~~BBB~~
~~FFO Interest Coverage~~	~~above 3.8~~	~~above 2.7 to 3.8~~	~~1.7 to 2.7~~
~~FFO to Total Debt (%)~~	~~above 20~~	~~above 15 to 20~~	~~7 to 15~~

~~(d) Ratio ranges for Generation Utilities~~

~~**Ratio ranges for Generation Utilities**~~			
~~Accounting Ratio~~	~~Notional S&P Credit Rating~~		
	~~AA~~	~~A~~	~~BBB~~
~~FFO Interest Coverage~~	~~above 5.5~~	~~above 3.9 to 5.5~~	~~2.5 to 3.9~~
~~FFO to Total Debt (%)~~	~~above 35~~	~~above 20 to 35~~	~~10 to 20~~

~~(e) In this Code:~~

~~(i) **"FFO Interest Coverage"** means the ratio of profit after tax from continuing operations plus depreciation, amortisation, deferred income taxes and other non-cash items and gross interest, to gross interest (including inter-company interest whether or not paid); and~~

~~(ii) **"FFO to Total Debt"** means the profit after tax from continuing operations plus depreciation, amortisation, deferred income taxes and other non-cash items divided by total debt (including all inter-company debt), expressed as a percentage.~~

~~18.5.10 The Transporter, acting reasonably, and taking into account a Securer's submissions under section 18.511(c), shall decide which Utility Categorisation applies to the Securer, shall reference the applicable table in section 18.5.9(a), (b), (c) or (d) accordingly and:~~

~~(a) in the event that both the FFO Interest Coverage ratio and the FFO to Total Debt ratio for that Securer yield values that fall within the ranges listed under the same Notional S&P Credit Rating column value, shall ascribe to the Securer that Notional S&P Credit Rating; or~~

~~(b) in the event that the FFO Interest Coverage ratio and the FFO to Total Debt ratio for that Securer yield values that do not fall within the ranges listed under the same Notional S&P Credit Rating, shall ascribe to the Securer that Notional S&P Credit Rating that will yield the lower Maximum Allowed Unsecured Credit value.~~

~~18.5.11 A Securer providing, or intending to provide Unsecured Credit Support by way of an Accounting Ratio, shall provide the Transporter with the following information at the same time as, and each time that, it provides the Transporter with a Credit Application:~~

~~(a) its most recently published set of annual audited accounts;~~

~~(b) calculations of the Accounting Ratios specified in section 18.5.9 cross referenced to such accounts;~~

~~(c) a submission requesting one of the Utility Categorisations in section 18.5.9 to be applied to it, based on the information set out in its annual audited accounts; and~~

~~(d) any other information that the Transporter might reasonably request.~~

~~18.5.12 The Transporter shall provide to each Shipper and to the Authority on the request of the Credit Committee and on the demand of any Shipper within 10 Business Days, a list of all Shippers that meet some or all of their Required Level of Credit Support through the provision of Unsecured Credit Support detailing the form of that Unsecured Credit Support, the extent to which it is provided and any information provided along with the Credit Application by each such Shipper.~~

~~18.5.13 The Transporter may at any time, or shall upon receipt of a written request from a Shipper, call a Credit Committee meeting in accordance with section 18.10.2, to request that a Shipper or Prospective Shipper be disallowed from satisfying all or any part of its Required Level of Credit Support through the provision of all or any form of Unsecured Credit Support.~~

~~18.5.14 Where a Shipper provides any form of Unsecured Credit Support as security it shall notify the Transporter immediately of any downgrading of the Securer's credit rating or material adverse change in the Securer's Accounting Ratios or any event of which it becomes aware which is likely to result in such downgrading or change from time to time.~~

~~18.5.15 If the Maximum Allowed Unsecured Credit permitted under section 18.5.7 is less than the Required Level of Credit Support notified to the Shipper in accordance with section 18.4, the Shipper shall provide an amount of Secured Credit Support equal to at least the difference between those two figures.~~

~~Maximum allowed secured credit~~

~~18.5.16 The maximum amount of credit which the Transporter may grant to a Shipper or Prospective Shipper based on Secured Credit Support shall be limited to the value of the Secured Credit Support.~~

18.6 Timescales for placing or updating a Provided Level of Credit Support and notifying the Transporter

Timescales for initial placement of Provided Level of Credit Support for the Gas Year Y

18.6.1 Subject to ~~sections 18.1.9 and 18.1.10~~ section 18.1.11, a Shipper shall place or update its Provided Level of Credit Support for Gas Year Y with the Transporter by no later than the 3rd Business Day in September in Y-1.

18.6.2 A Shipper or Prospective Shipper placing ~~or updating~~ a Provided Level of Credit Support with the Transporter in respect of Gas Year Y shall submit a form to the Transporter specifying:

(a) the total value of the Provided Level of Credit Support which is being provided (which may be greater than the Required Level of Credit Support);

(b) the means by which the Provided Level of Credit Support is being provided, including the value of any Unsecured Credit Support and the duration of any time-limited component of the Provided Level of Credit Support; and

(c) where the Provided Level of Credit Support exceeds the Required Level of Credit Support, the Shipper's requested split of the Provided Level of Credit Support between the STPLCS and the OCPLCS ~~(provided always that the STPLCS must not be less than the STRLCS~~$_{min}$ ~~as determined in accordance with section 18.3.10);~~ ,

(d) the Shipper's requested split of the STPLCS between IP Entry Points,

in the Prescribed Form (a **"PLCS Form"**), provided always that the STPLCS must not be less than the STRLCS$_{min}$ as determined in accordance with sections 18.3.10 and 18.3.11.

Timescales for updates to the Provided Level of Credit Support

18.6.3 Where section 18.4.2 or section 18.4.3 applies, a Shipper shall update its Provided Level of Credit Support within 5 Business Days of the issuance of a Revised RLCS Form by the Transporter.

~~Voluntary Increases~~ Within Year Changes to the Provided Level of Credit Support - PLCS Adjustment

Increases

~~18.6.3~~18.6.4 For the avoidance of doubt, where the Transporter determines the STPLCS$_{min}$, it shall not include any amounts in respect of any Auction Premium which a Shipper may choose to bid in an Auction.

~~18.6.4~~18.6.5 At any time within Gas Year Y, if a Shipper wishes to increase its Provided Level of Credit Support in order to establish a higher level of Provided Level of Credit Support than its Required Level of Credit Support for the purposes of bidding an Auction Premium or for any other reason, then it shall submit a PLCS Adjustment Form in accordance with section ~~18.6.5~~18.6.8.

Reductions

18.6.6 A Shipper may reduce its Provided Level of Credit Support during the Gas Year in respect of the Credit Period if it has submitted a new Credit Application Form to the Transporter and the Transporter has provided the Shipper with a Revised RLCS Form confirming the reduction in the Required Level of Credit Support for such Credit Period.

18.6.7 Where 18.6.6 applies, a Shipper may reduce its Provided Level of Credit Support by submitting a PLCS Adjustment Form to the Transporter in accordance with section 18.6.8.

Process for updates to the Provided Level of Credit Support

18.6.~~5~~8 Where section ~~18.6.4~~ 18.6.5 or 18.6.7 applies, a Shipper may ~~increase~~ amend its Provided Level of Credit Support by submitting a form to the Transporter specifying:

(a) the reduction in, or the additional value of, Provided Level of Credit Support and the resulting total Provided Level of Credit Support;

(b) the means by which the Provided Level of Credit Support is being provided, including the value of any Unsecured Credit Support and the duration of any time-limited component of the Provided Level of Credit Support; and

(c) the Shipper's requested split of the Provided Level of Credit Support between the STPLCS and the OCPLCS ~~(provided always that the STPLCS must not be less than the $STRLCS_{min}$ as determined in accordance with section 18.3.10)~~: and~~,~~

(d) the Shipper's requested split of the STPLCS between IP Entry Points,

~~provided always that the STPLCS must not be less than the $STRLCS_{min}$ as determined in accordance with sections 18.3.10 and 18.3.11.~~

in the Prescribed Form (a **"PLCS Adjustment Form"**), provided always that the STPLCS must not be less than the $STRLCS_{min}$ as determined in accordance with sections 18.3.10 and 18.3.11.

~~.~~

18.6.~~6~~9 If at any time a Shippers' Provided Level of Credit Support exceeds its Required Level of Credit Support and it has not specified the split of Provided Level of Credit Support between the STPLCS and the OCPLCS in accordance with: ~~sections 18.6.2(c) or 16.6.5(c)~~

(a) sections 18.6.2(c) and 18.6.2(d); or

(b) sections 18.6.8(c) and 18.6.8(d),

the Transporter shall deem the Provided Level of Credit Support to be split in the proportion to the ratio of the Shippers' Forecast Short Term Charges (in respect of each IP Entry Point) and Forecast Other Charges and update the Capacity Platform accordingly.

18.6.10 Pursuant to section 18.8.1 or otherwise, where at any time a Shipper has a concurrent Required Level of Credit Support for Gas Year Y and for Gas Year Y+1, a Shipper's Provided Level of Credit Support shall be deemed by the Transporter to have been placed in respect of Gas Year Y and any excess Provided Level of Credit Support shall be deemed to have been placed in respect of Gas Year Y+1, unless otherwise notified by the Shipper in writing.

18.7 Determination of whether the Required Level of Credit Support has been established

18.7.1 The Required Level of Credit Support shall be established when the Transporter:

(a) verifies the information provided in the PLCS Form or PLCS Adjustment Form; and

(b) is satisfied that Provided Level of Credit Support at least equal to the Required Level of Credit Support has been placed.

Such ~~verification~~ determination may take up to ~~10~~5 Business Days.

18.7.2 A Shipper or Prospective Shipper whose Provided Level of Credit Support is less than its Required Level of Credit Support from time to time (including where the Transporter makes a determination to that effect) ~~following a re-assessment under section 18.8.1 or section 18.8.2)~~ shall, within ~~10~~10 Business Days from the issue of ~~such notice~~a Revised RLCS Form by the Transporter, provide such additional security as is required to meet the Required Level of Credit Support, failing which (a **"Level of Provided Credit Default"**, or "**LPC Default**") the Transporter may exercise any rights which are or become available to it under section 18.9.2 and, in the case of:

(a) a Prospective Shipper, its Credit Application shall be rejected; and

(b) a Shipper, the Transporter shall convene a meeting of the Credit Committee in accordance with section 18.10.1(c).

<u>Placement of the STPLCS on the Capacity Platform</u>

18.7.3 Monitoring of the STPLCS shall be carried out on the Capacity Platform by the Capacity Platform Operator and such activity is not within the scope of the Delphi System.

18.7.4 Each September, where a Shipper has Forecast Short Term Charges, following receipt of a PLCS Form submitted in accordance with section 18.6.2 and once the Transporter is satisfied that a Required Level of Credit Support has been established in accordance with section 18.7.1, the Transporter shall record the amount of the STPLCS on the Capacity Platform within 5 Business Days.

18.7.5 If, at any time during a Gas Year, the Transporter

(a) receives a PLCS Adjustment Form from a Shipper;~~,~~ or

(b) otherwise determines that the STPLCS recorded on the Capacity Platform should be updated;

the Transporter shall, once it is satisfied that the Required Level of Credit Support has been established by the Shipper, update the Capacity Platform with the revised STPLCS within 5 Business Days.

18.7.6 The Capacity Platform Operator shall monitor the value of the STPLCS and the value of a Shipper's Bids in any given Auction of Short Term Capacity Products ("**Short Term Auction**") and determine (in accordance with the CPO Rules and Processes) whether or not the value of the STPLCS constitutes a sufficient Provided Level of Credit Support for a Shipper's Bids in a Short Term Auction in accordance with sections 2.8.24 or 2.9.14 as applicable.

18.7.7 Where in any Short Term Auction a Shipper's STPLCS does not constitute a sufficient Provided Level of Credit Support for any particular Bid, such Bid and any further Bids in any Short Term Auction may be rejected by the Capacity Platform Operator, acting pursuant to section 2.6.3, until such time as:

(a) the Shipper notifies the Transporter that it wishes to increase its STPLCS in accordance with section ~~18.6.5~~ 18.6.8;

(b) the Transporter is satisfied that sufficient STPLCS is established in accordance with section 18.7.1; and

(c) the Transporter updates the Capacity Platform with the revised STPLCS in accordance with section 18.7.5.

18.7.8 The Transporter shall not monitor, and has no obligation to monitor, whether or not Bids are rejected on the Capacity Platform pursuant to section 18.7.7.

18.7.9 Any Bid rejection by the Capacity Platform Operator under sections 2.8.25 or 2.9.15 shall be final and binding.

18.8 Reassessment of Required Level of Credit Support and Provided Level of Credit Support

Monthly Reassessments

18.8.1 By the 15th Business Day in each Month, the Transporter shall carry out a reassessment (a **"Monthly Reassessment"**) of the Required Level of Credit Support and the Provided Level of Credit Support in respect of each Shipper. For such Monthly Reassessment, in respect of the relevant Credit Period, the Transporter shall:

(a) confirm that any invoices falling due in accordance with section 17 have been paid;

(b) recalculate the remaining Forecast Postalised Charges and the Forecast PS Code Charges for the Credit Period;

(c) redetermine the Required Level of Credit Support for the Credit Period in accordance with section 18.3;

(d) review the Provided Level of Credit Support and determine whether the Required Level of Credit Support has been established in accordance with section 18.7.1,

and for the purposes of updating the STPLCS recorded on the Capacity Platform, at the Monthly Reassessment in July and August in any given Gas Year Y, the Transporter shall make an initial estimate of a Shipper's $STRLCS_{min}$ for Gas Year Y+1 (**"Initial $STRLCS_{min}$ Estimate"**) in accordance with section 18.3, based on the best available information to the Transporter and sections 18.1.12 and 18.6.10 shall apply.

Reassessments at any other time

18.8.~~1~~2 The Transporter will re~~-~~assess a Shipper's Required Level of Credit Support in any of the following circumstances:

(a) annually by no later than the 10th Business Day in August;

(b) a Shipper gaining an additional Exit Point Registration or an additional IP Registration;

(c) a Shipper seeking to acquire additional Exit Capacity from the Transporter;

(d) a Shipper's ~~Total Actual Commodity Quantity~~ total Forecast Postalised Charges and Forecast PS Code Charges exceeding the level ~~it estimated in~~determined on the basis of its Credit Application including, for the avoidance of doubt, as a result of changes in the Rolling Average PS Code Charge;

(e) the Credit Committee directing the Transporter to make a re-assessment; or

(f) on request (by way of a revised Credit Application) from that Shipper at any time.

18.8.~~2~~3 The Transporter will re~~-~~assess a Shipper's Provided Level of Credit Support in any of the following circumstances:

(a) annually by no later than the 5th Business Day in September;

(b) in the event of any form of Unsecured Credit Support being disallowed by the Credit Committee;

(c) a period of 1 month before the expiry of a guarantee or any form of Secured Credit Support provided by or for such Shipper unless, before the start of such period, that guarantee or Secured Credit Support is renewed to the satisfaction of the Transporter on substantially the same terms for an extended term;

(d) a downgrading in the Shipper's, its guarantor's or any issuer of a letter of credit's credit rating or there being a material adverse change in the Shipper's, its guarantor's or any issuer of a letter of credit's Accounting Ratios from time to time;

(e) the Credit Committee directs the Transporter to make a re~~-~~assessment; or

(f) where a Shipper submits ~~a PLCS Form or~~ a PLCS Adjustment Form at any time within the Gas Year.

18.8.~~3~~4 Such re~~-~~assessments of a Shipper's Required Level of Credit Support and Provided Level of Credit Support shall be conducted in accordance with the preceding provisions of this section 18 as if a new Credit Application were submitted on the date of occurrence of any of the events specified in section 18.8.

18.8.5 If at any time, the Transporter assesses that the Provided Level of Credit Support is less than the Required Level of Credit Support (including pursuant to this section 18.8) then the Transporter shall request additional Provided Level of Credit Support in accordance with section 18.4.2.

18.9 Drawing on credit support

18.9.1 If there is a downgrading in credit rating as described in section ~~18.8.2(d)~~ 18.8.3(d), the relevant Shipper shall (if the Transporter determines that the Shipper's Provided Level of Credit Support is less than the Required Level of Credit Support) comply with its obligations under section 18.7.2.

18.9.2 The Transporter shall be entitled to make a demand up to the full amount under a letter of credit referred to in section ~~18.5.4(d)~~ A18.1(d) or a guarantee referred to in section ~~18.5.4(b)~~ A18.1(b) or ~~18.5.4(d)~~A18.1(d) or draw on cash deposits referred to in section ~~18.5.4(c)~~A18.1(c) in any of the following circumstances:

(a) a non-payment of any amount due by the relevant Shipper under the Code in respect of PS Transmission Amounts (a "**Transmission Amounts Default**", or an **"TA Default")**; or

(b) a non-payment of any amount in respect of PS Code Charges due by the relevant Shipper under the Code (a "**Code Charges Default**", or an **"CC Default"**); or

(c) the issuer of the guarantee or letter of credit ceases to hold the minimum credit rating specified in section ~~18.5.4(b)~~A18.1(b) or ~~18.5.4(d)~~A18.1(d) respectively and the Shipper does not comply with its obligations under section 18.7.2; or

(d) if:

(i) a guarantee referred to in section ~~18.5.4(b)~~A18.1(b) or ~~18.5.4(d)~~A18.1(d) or a letter of credit has been delivered for a Shipper pursuant to the Code; and

(ii) such guarantee or letter of credit (or replacement or extension thereof) has a scheduled expiry date earlier than the date which falls 50 days after the end of the period for which IP Capacity or Exit Capacity has been booked by the Shipper; and

(iii) the Shipper fails to procure that, not later than 1 month prior to the scheduled date of expiry of such guarantee or letter of credit (or of any replacement or extension), the Transporter is the beneficiary of such level of Secured Credit

Support as is (when aggregated with the part of the relevant Shipper's Required Level of Credit Support which at that time is met through the provision of Unsecured Credit Support) equal to the Shipper's Required Level of Credit Support,

always provided that if a demand is made under section 18.9.2(a) or (b) above, such demand may not exceed the amount of the relevant non-payment.

18.9.3 The Transporter shall procure that the amount paid under a guarantee or letter of credit following any demand thereunder and where applicable, the relevant amount of a deposit held in accordance with section ~~18.5.4(c)~~A18.1(c):

(a) in respect of PS Transmission Amounts shall be paid into the PoT Account (except in the case of the Stranraer Shipper in which case such amount shall be paid into the Transporter's Account);

(b) in respect of Outstanding PS Code Charges shall be paid into the NI Postalised Network Disbursement Bank Account;

unless such amount exceeds (the amount of any such excess, being the "**Excess Amount**") the PS Transmission Amounts and/or Outstanding PS Code Charges overdue for payment by the Shipper at the time of such payment, in which case an amount equal to the overdue PS Transmission Amounts shall be paid into the PoT Account and/or in the case of Outstanding PS Code Charges an amount equal to the Outstanding PS Code Charges shall be paid into the NI Postalised Network Disbursement Bank Account.

18.9.4 Any Excess Amount shall be paid into a designated bank account of the Transporter in accordance with section 18.9.5

18.9.5 For the purposes of section 18.9.4:

(a) the Transporter shall procure that any balance of an Excess Amount which remains after the making of the payment described in section 18.9.3 shall be credited to an interest bearing account of the Transporter in the United Kingdom (which may include other Shipper's Excess Amounts);

(b) such Excess Amount (and all interest thereon) shall be held on trust by the Transporter for the benefit of the Shipper and the Transporter in accordance with the provisions of this section 18.9.5;

(c) the Transporter shall be entitled to withdraw all or part of the Excess Amount and apply the same in each of the circumstances where the Transporter would otherwise have been entitled to make a demand under a letter of credit or guarantee pursuant to section 18.9.2 had such an instrument been issued in its favour at such time but in no other circumstances.

(d) if notwithstanding section 18.9.5(c) the Transporter withdraws all or part of the Excess Amount other than in such circumstances, the Transporter shall reimburse the same to the Shipper on demand, with interest at BoEBR plus 1% from the date of withdrawal to the date of such reimbursement;

(e) if at any time at which monies are so held by the Transporter on trust for the Shipper pursuant to this section 18.9.5 the Shipper provides to the Transporter a guarantee, a cash deposit or a letter of credit for the amount then held on such trust which conforms with the provisions of section ~~18.5.4(b)~~A18.1(b), ~~18.5.4(c)~~A18.1(c) or

~~18.5.4(d)~~A18.1(d) respectively, then the Transporter shall return to the Shipper all monies then so held by the Transporter on such trust;

(f) if at any time following a Shipper ceasing to be a Party to this Code there are no amounts due and payable by the Shipper which are unpaid and no Party to the Code remains under any obligation actual or contingent the observance or performance of which would give rise to an obligation on the Shipper to make a payment under the Code any monies then held by the Transporter on trust pursuant to this section 18.9.5 shall be returned to the Shipper; and

(g) the perpetuity period under the rule against perpetuities, if applicable to any trust arising pursuant to this section, shall be the period of 125 years from the date of such trust arising.

18.9.6 For the avoidance of doubt, the Transporter is entitled to recover monies in respect of Outstanding PS Code Charges in accordance with section 17.7.

18.10 Credit Committee

18.10.1 Without limitation to any Party's rights and obligations to call meetings of the Credit Committee under other sections of this Code, the Transporter shall convene a Credit Committee meeting if any Shipper defaults in any of the following circumstances:

(a) an TA Default;

(b) an CC Default; and/or

(c) if an LPC Default occurs in relation to that Shipper;

provided that in the event of an TA Default or an CC Default, at the sole discretion of the Transporter, the Transporter may first take any reasonable steps it sees fit to seek satisfactory resolution of the TATP Default or CC Default by the defaulting Shipper and defer convening a Credit Committee meeting by no more than 5 Business Days to allow for such resolution.

18.10.2 If the Transporter or a Shipper reasonably believes that a Shipper or Prospective Shipper should not be allowed to provide or to continue to provide any or all of its Provided Level of Credit Support by way of Unsecured Credit Support on the basis that allowing such support by such means would result in an unacceptable material increase in risk to the economic security of the Postalised System (an "**US Default**"), the Transporter may at any time, or shall upon receipt of a written request from a Shipper, call a Credit Committee meeting to propose that the Credit Committee give a Direction disallowing that Shipper or Prospective Shipper from being able to provide all or any of its Provided Level of Credit Support by way of Unsecured Credit Support.

18.10.3 If the Transporter or a Shipper reasonably believes that failure by the Transporter to re-assess a Shipper's Required Level of Credit Support and/or Shipper's Provided Level of Credit Support would result in an unacceptable material increase in risk to the security of the Postalised System, the Transporter may at any time, or shall upon receipt of a written request from a Shipper, call a Credit Committee meeting to propose that the Credit Committee give a Direction requiring such re-assessment.

18.10.4 The Transporter and each Shipper shall use reasonable endeavours to ensure that the Credit Committee shall operate and shall conduct itself in accordance with the Terms of Reference.

18.10.5 The Transporter and each Shipper shall promptly and fully comply with all Directions of the Credit Committee (including but not limited to the execution of any documents and performance of any actions required for the enforcement of any security provided by the Shipper, if instructed in the relevant Direction) provided that, where such Directions require the approval of the Authority, such approval has been given expressly in writing.

18.11 Duty to provide forecasts and information

18.11.1 A Shipper shall provide the forecasts and information detailed in a Credit Application under this section 18 to the Transporter and such forecasts and information shall be utilised in relation to the calculation of a Shipper's Required Level of Credit Support in accordance with this section 18.

18.11.2 A Shipper shall use its reasonable endeavours to ensure that all forecasts and information supplied in accordance with section 18.11.1 are as accurate as possible having regard to the information and forecasts available to that Shipper and shall provide with such forecasts a full breakdown and reasoning as to how it has calculated those forecasts.

A18: Annex to Section 18 – Acceptable forms of Credit Support

~~Acceptable forms of credit support~~

A18.1~~18.5.4~~ A Shipper or a Prospective Shipper may elect to place credit support in any one or more of the following ways:

(a) subject to section ~~18.5.7~~ A18.4, provision of security by way of "long term" Baa or higher investment grade rating as defined by Moody's, an Equivalent Rating from an Equivalent Agency, or, if the Securer does not hold a credit rating by way of an Equivalent Rating based on the Accounting Ratios specified in section ~~18.5.9~~ A18.6;

(b) subject to section ~~18.5.7~~A18.4, provision of security given by way of guarantee from a Government or other entity (which entity is empowered to give such guarantee) in each case holding at least a "long term" Baa investment grade as defined by Moody's, an Equivalent Rating from an Equivalent Agency, or, if the Securer does not hold a credit rating by way of an Equivalent Rating based on the Accounting Ratios specified in section ~~18.5.9~~ A18.6, which guarantee must, in any event, be given substantially in the form of the guarantee set out in Appendix 5 and, if so requested by the Transporter, be supported by a Legal Opinion, or by way of the relevant Government or other entity, being a party to the relevant Accession Agreement with payment obligations in respect of the entire consideration and other liabilities there under and under the Code;

(c) provision of security given by way of a cash deposit which shall be:

(i) paid into a designated bank account of the Transporter in the United Kingdom (which may include other Shipper's cash deposits);

(ii) held on trust by the Transporter for the benefit of the Shipper and the Transporter in accordance with the provisions of this section ~~18.5.4(c)~~A18.1(c);

(iii) used by and revert in title to the Transporter in the event of Shipper default in accordance with section 18.9.2 to the extent of amounts accrued and due to the Transporter from the Shipper (whether or not invoiced);

(iv) repaid in full to the Shipper (to the extent not used by the Transporter pursuant to section ~~18.5.4 (c) (iii)~~ A1(c)(iii) above) in the event that:

(a) an alternative Provided Level of Credit Support is placed by the Shipper in accordance with the terms of this ~~section 18.5~~Annex A18 and the Transporter subsequently determines that the Required Level of Credit Support has been established; or

(b) the Shipper ceases to be a Party to this Code and there are no amounts due and payable by the Shipper which are unpaid and no Party to the Code remains under any obligation actual or contingent the observance or performance of which would give rise to an obligation on the Shipper to make a payment under the Code;

(v) the perpetuity period under the rule against perpetuities, if applicable to any trust arising pursuant to this section, shall be the period of 125 years from the date of such trust arising.

(d) provision of security given by way of a guarantee or irrevocable standby letter of credit issued by a UK branch of a financial institution with a long term credit rating of not less than A3 as defined by Moody's or an Equivalent Rating from an Equivalent Agency, issued in favour of the Transporter in the form set out in Appendix 5 parts **I** and **II** respectively or such other form as the Transporter may agree and, if so requested by the Transporter, security given by way of a guarantee shall be supported by a Legal Opinion;

where "**Equivalent Agency**" means Fitch, IBCA, or Standard and Poors and "**Equivalent Rating**" shall be construed accordingly.

Secured and Unsecured Credit

~~18.5.5~~A18.2 Security given by way of any of the methods described in section ~~18.5.4 (a)~~ A18.1(a) or section ~~18.5.4 (b)~~A18.1(b) is "**Unsecured Credit Support**", and security given by way of any of the methods described in section ~~18.5.4(c)~~A18.1(c) or section ~~18.5.4(d)~~A18.1(d) is "**Secured Credit Support**".

~~18.5.6~~A18.3 For the avoidance of doubt:

(a) a Shipper may use more than one of the methods in section ~~18.5.4~~A18.1 to place its' Provided Level of Credit Support provided that the total value of security placed is at least equal to its' Required Level of Credit Support; and

(b) a Provided Level of Credit Support may be placed using both Secured Credit Support and Unsecured Credit Support subject to sections ~~18.5.7~~ A18.4, ~~18.5.8~~A18.5 and ~~18.5.16~~A18.13.

Maximum Allowed Unsecured Credit

~~18.5.7~~A18.4 The maximum amount of credit which the Transporter may grant to a Shipper or Prospective Shipper based on Unsecured Credit Support (**"Maximum Allowed Unsecured Credit"**) shall be limited to a value equal to the lower of:

(a) 10% of the Securer's Net Assets; and

(b) either:

(i) the amount listed in the table set out in section ~~18.5.8~~ A18.5 under the column heading "Maximum Allowed Unsecured Credit" on the row corresponding to that Securer's credit rating; or

(ii) the amount listed in the table set out in section ~~18.5.8~~A18.5 under the column heading "Maximum Allowed Unsecured Credit" on the row corresponding to that Securer's Notional S&P Credit Rating as determined by the Transporter in accordance with section ~~18.5.10~~A18.7, where the "**Securer**" is the Shipper or Prospective Shipper (whichever is applicable) if the Unsecured Credit Support is provided under section ~~18.5.4(a)~~A18.1(a), or the guarantor if the Unsecured Credit Support is provided under section ~~18.5.4(b)~~A18.1(b).

~~18.5.8~~A18.5 Maximum Allowed Unsecured Credit shall be determined in accordance with the following table:

Moody's Credit Rating	**Standard & Poor Credit Rating**	**Fitch**	**Maximum Allowed Unsecured Credit (£)**
Aaa	AAA	AAA	30,000,000
Aa	AA	AA	22,000,000
A	A	A	16,000,000
Baa	BBB	BBB	10,000,000

and numerical or other modifiers to Moody's Credit Rating, Fitch's Credit Rating or Standard & Poor's Credit Rating shall be disregarded.

~~18.5.9~~A18.6 Unsecured Credit Support provided by a Securer under sections ~~18.5.4(a)~~A18.1(a) and/or section ~~18.5.4(b)~~A18.1(b) by way of Accounting Ratio shall be assigned a Notional S&P Credit Rating in accordance with the following tables and section ~~18.5.10~~ A18.7:

(a) Ratio ranges for Transmission Utilities

Ratio ranges for Transmission Utilities			
Accounting Ratio	Notional S&P Credit Rating		
	AA	A	BBB
FFO Interest Coverage	above 3.3	above 2.0 to 3.3	1.5 to 2.0
FFO to Total Debt (%)	above 15	above 10 to 15	5 to 10

(b) Ratio ranges for Distribution Utilities and Supplier Utilities

Ratio ranges for Distribution Utilities and Supplier Utilities			
Accounting Ratio	Notional S&P Credit Rating		
	AA	A	BBB
FFO Interest Coverage	above 5.0	above 3.0 to 5.0	2.0 to 3.0
FFO to Total Debt (%)	above 28	above 15 to 28	8 to 15

(c) Ratio ranges for Integrated Utilities

Ratio ranges for Integrated Utilities			
Accounting Ratio	Notional S&P Credit Rating		
	AA	A	BBB
FFO Interest Coverage	above 3.8	above 2.7 to 3.8	1.7 to 2.7
FFO to Total Debt (%)	above 20	above 15 to 20	7 to 15

(d) Ratio ranges for Generation Utilities

Ratio ranges for Generation Utilities			
Accounting Ratio	Notional S&P Credit Rating		
	AA	A	BBB
FFO Interest Coverage	above 5.5	above 3.9 to 5.5	2.5 to 3.9
FFO to Total Debt (%)	above 35	above 20 to 35	10 to 20

(e) In this Code:

(i) **"FFO Interest Coverage"** means the ratio of profit after tax from continuing operations plus depreciation, amortisation, deferred income taxes and other non-cash items and gross interest, to gross interest (including inter-company interest whether or not paid); and

(ii) **"FFO to Total Debt"** means the profit after tax from continuing operations plus depreciation, amortisation, deferred income taxes and other non-cash items divided by total debt (including all inter-company debt), expressed as a percentage.

~~18.5.10~~A18.7 The Transporter, acting reasonably, and taking into account a Securer's submissions under section ~~18.511(c)~~A18.8(c), shall decide which Utility Categorisation applies to the Securer, shall reference the applicable table in section ~~18.5.9(a)~~A18.6(a), (b), (c) or (d) accordingly and:

(a) in the event that both the FFO Interest Coverage ratio and the FFO to Total Debt ratio for that Securer yield values that fall within the ranges listed under the same Notional S&P Credit Rating column value, shall ascribe to the Securer that Notional S&P Credit Rating; or

(b) in the event that the FFO Interest Coverage ratio and the FFO to Total Debt ratio for that Securer yield values that do not fall within the ranges listed under the same Notional S&P Credit Rating, shall ascribe to the Securer that Notional S&P Credit Rating that will yield the lower Maximum Allowed Unsecured Credit value.

~~18.5.11~~A18.8 A Securer providing, or intending to provide Unsecured Credit Support by way of an Accounting Ratio, shall provide the Transporter with the following information at the same time as, and each time that, it provides the Transporter with a Credit Application:

(a) its most recently published set of annual audited accounts;

(b) calculations of the Accounting Ratios specified in section ~~18.5.9~~A18.6 cross referenced to such accounts;

(c) a submission requesting one of the Utility Categorisations in section ~~18.5.9~~A18.6 to be applied to it, based on the information set out in its annual audited accounts; and

(d) any other information that the Transporter might reasonably request.

~~18.5.12~~A18.9 The Transporter shall provide to each Shipper and to the Authority on the request of the Credit Committee and on the demand of any Shipper within 10 Business Days, a list of all Shippers that meet some or all of their Required Level of Credit Support through the provision of Unsecured Credit Support detailing the form of that Unsecured Credit Support, the extent to which it is provided and any information provided along with the Credit Application by each such Shipper.

~~18.5.13~~A18.10 The Transporter may at any time, or shall upon receipt of a written request from a Shipper, call a Credit Committee meeting in accordance with section 18.10.2, to request that a Shipper or Prospective Shipper be disallowed from satisfying all or any part of its Required Level of Credit Support through the provision of all or any form of Unsecured Credit Support.

~~18.5.14~~A18.11 Where a Shipper provides any form of Unsecured Credit Support as security it shall notify the Transporter immediately of any downgrading of the Securer's credit rating or material adverse change in the Securer's Accounting Ratios or any event of which it becomes aware which is likely to result in such downgrading or change from time to time.

~~18.5.15~~A18.12 If the Maximum Allowed Unsecured Credit permitted under section ~~18.5.7~~A18.4 is less than the Required Level of Credit Support notified to the Shipper in accordance with section 18.4, the Shipper shall provide an amount of Secured Credit Support equal to at least the difference between those two figures.

Maximum allowed secured credit

~~18.5.16~~A18.13 The maximum amount of credit which the Transporter may grant to a Shipper or Prospective Shipper based on Secured Credit Support shall be limited to the value of the Secured Credit Support.

Amend or add terms in Appendix 1 to read as follows:

"Credit Period"	has the meaning given to it in section ~~18.3.1(h)~~ 18.1.1(e);
"Equivalent Agency"	has the meaning given to it in ~~section 18.5.4~~ Annex A18.1;
"Equivalent Rating"	has the meaning given to it in ~~section 18.5.4~~Annex A18.1;
"FFO Interest Coverage"	has the meaning given to it in ~~section 18.5.9(e)(i)~~Annex A18.6(e)(i);
"FFO to Total Debt"	has the meaning given to it in ~~section 18.5.9(e)(ii)~~Annex A18.6(e)(ii);
"Forecast Aggregate Throughput"	has the meaning given to it in section ~~18.3.1(k)~~ 18.3.1(l);
"Forecast Average Throughput"	has the meaning given to it in section ~~18.3.1(l)~~ 18.3.1(m);
"Forecast DBEP Nominations"	has the meaning given to it in section ~~18.3.1(j)~~ 18.3.1(k);
"Forecast IP Entry Nominations"	has the meaning given to it in section ~~18.3.1(i)~~ 18.3.1(h);
"Forecast Other Charges"	has the meaning given to it in section ~~18.3.8(b)~~18.3.9(b);
"Forecast Reconciliation Payment"	has the meaning given to it in section 18.3.1(n);
"Forecast Trade Buy Nominations"	has the meaning given to it in section ~~18.3.1(j)~~ 18.3.1(i);
"Forecast Trade Sell Nominations"	has the meaning given to it in section ~~18.3.1(k)~~ 18.3.1(j);
"Initial $STRLCS_{min}$ Estimate"	has the meaning given to it in section 18.8.1;
"Maximum Allowed Unsecured Credit"	has the meaning given to it in ~~section 18.5.7~~Annex A18.4;
"Monthly Reassessment"	has the meaning given to it in section 18.8.1;
"Notional S&P Credit Rating"	means a credit rating assigned to a Shipper in accordance with ~~section 18.5~~ Annex A18;
"PLCS Adjustment Form"	has the meaning given to it in section ~~18.6.5~~18.6.8;
"Revised RLCS Form"	has the meaning given to it in section 18.4.2;
"Rolling Average PS Code Charges"	has the meaning given to it in section 18.3.1(a);

"Secured Credit Support"	has the meaning given to it in ~~section 18.5.5~~Annex A18.2;
"Securer"	has the meaning given to it in~~ section 18.5.7~~ Annex A18.4;
"Unsecured Credit Support"	has the meaning given to it in~~ section 18.5.5~~ Annex A18.2;

Amend Appendix 5 section headers to read as follows

APPENDIX 5

PROFORMA DOCUMENTS

Part I - Form of Guarantee

(~~section 18.5.4 (b)~~Annex A18.1(b))

....

Part II - Form of Letter of Credit

(~~section 18.5.4(d)~~Annex A18.1(d))

....