

East West Interconnector

Credit Cover Information

Guidance Note:

This document supplies information on the credit cover required in order to trade on the EirGrid East West Interconnector.

Credit Cover must be in the amount calculated under Access Rule C3.5 [Amount of Credit Cover], in euro and must be in the form of:

- Option A (Page 2): A Letter of Credit as specified in the access rules
- Option B (Page 7): A Cash Deposit in a deposit account

Option A: Letter of Credit – as set out in Section C of the EWIC Access Rules

C3.3.1 If the Credit Cover is provided in the form of a Letter of Credit, the letter:

- (a) shall be issued by a Credit Cover Provider fulfilling the Bank Eligibility Requirements set out in paragraph C.3.3.2 below;
- (b) shall be in the form attached in Schedule 7 “Standard Letter of Credit”;
- (c) must have a Validity Period extending until at least one month after the first date on which the User, if its Bid is accepted, would be required to make a payment of an instalment for the Units acquired; and,
- (d) shall be capable of being paid out for Same Day Value following a call on the Credit Cover.

C.3.3.2 A Credit Cover Provider shall be a Bank which must:

- (a) hold a Banking Licence in Ireland under Section 9 of the Central Bank Act 1971 (Ireland) or be authorised by the Financial Services Authority to take deposits, or be otherwise authorised to provide banking services in Ireland; and either
- (b) be a Clearing Bank in Ireland with:
 - (i) a Long Term debt rating of not less than A (Standard & Poors) or A2 (Moody’s Investors Service Inc.); or
 - (ii) Total Balance Sheet Assets of not less than €1,000 million, or
- (c) be an international bank that is authorised or approved by the relevant regulatory authority or is otherwise eligible to provide banking services in Ireland and which has a branch in Dublin and complies with paragraph C.3.3.2(b)

C.3.3.3 If a bank is a subsidiary, then its parent company must have a credit rating of not less than A (or AA) (Standard & Poors) or A2 (or AA2) (Moody’s Investors Service Inc.) or Total Balance Sheet Assets of not less than €10,000 million.

C3.4.1 Credit Cover that is provided by means of cash on deposit, where;

- (a) the account must be with a bank which complies with the criteria for a Credit Cover Provider as per C.3.3.2 above;
- (b) the account must be in the joint name of both the Operator and the User;
- (c) interest on the amount deposited in the account accrues for the benefit of the User, after deduction for any tax or bank charges;

- (d) the Operator and the User have irrevocably instructed the bank to make a payment against the sole signature of the Operator;
- (e) the bank has agreed that the amounts deposited in the account must not be set off or otherwise applied by the bank in respect of any indebtedness of the User or other person; and
- (f) amounts (other than interest) standing to the credit of the account will not be paid to the User without the prior written agreement of the Operator.

C3.4.2 If the bank issuing a User's Letter of Credit ceases to meet the criteria set out in paragraph C.3.3.2 the User shall within two (2) Business Days procure the issue of a substitute Letter of Credit or shall deposit cash in a Deposit Account in order to satisfy the criteria set out in paragraph C3.3.2.

Schedule 7: Standard Letter of Credit

OPERATOR EURO IRREVOCABLE STANDBY LETTER OF CREDIT TEMPLATE

Applicant:

Issuing Bank:

Beneficiary: EirGrid Interconnector Limited, The Oval, 160 Shelbourne Road, Ballsbridge, Dublin 4, Ireland "the licensed Operator defined under these Rules".

Dear Sir/Madam,

We, the Issuing Bank, hereby issue our irrevocable Standby Letter of Credit No..... by order of (applicant), for a maximum total amount of EUR..... (in words.....) which expires at the counters of the Issuing Bank on [insert date].

In this Letter of Credit and in the Beneficiary Statement (except where the context otherwise requires or there is an express provision to the contrary) the following expressions shall have the following meanings:

"Access Rules" means the access arrangements applying to the East West Interconnector (EWIC);

"Beneficiary Statement" means a statement in the form of the Appendix attached hereto;

"Expiry Date" means the last date on which this Letter of Credit may be presented for value at the Issuing Bank being the XX Day of Month 20XX. The Expiry Date may be extended by agreement between the Issuing Bank and the Applicant and as notified to the Beneficiary;

"Same Day Value" means that the relevant funds shall be available to the Beneficiary on the same day as the funds transfer has been authorised by us without any loss of value arising between such authorisation and the funds being available for use by the Beneficiary;

"SWIFT" means the worldwide financial messaging network of The Society for Worldwide Interbank Financial Telecommunication;

This irrevocable Standby Letter of Credit is available by payment at sight against presentation to the Issuing Bank of a Beneficiary Statement.

Conditions:

1. Partial drawings are allowed.
2. This Letter of Credit shall expire on the Expiry Date and our obligations under this Letter of Credit shall also expire on that date.

3. The Beneficiary Statement must be made on original letterhead paper of the Beneficiary and signed on its behalf, and must be presented to the Issuing Bank on or before the Expiry Date.
4. Upon receipt of a signed Beneficiary Statement in compliance with the above conditions we shall make payment value one working day after receipt, a working day being a day on which banks are open for business in Dublin and Belfast, with funds to be received by Beneficiary for Same Day Value on that day of transfer.
5. All Issuing Bank charges are for the account of the Applicant.

Except where otherwise expressly stated, this Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits latest version on the date of the issuance of this Letter of Credit [MOST RECENT VERSION TO BE INSERTED WITH EACH LETTER OF CREDIT].

We the Issuing Bank hereby waive any right to set off or counterclaim whatsoever against any amounts payable under this Standby Letter of Credit in respect of any claims we may have against the Beneficiary and such amounts shall be paid free and clear of all deductions or withholdings whatsoever.

This Letter of Credit and any non-contractual obligations arising out of or in connection with this Letter of Credit shall be governed by and construed in accordance with the laws of the Republic of Ireland.

Yours faithfully

[Issuing Bank]

by (Authorised Signator)

Letter of Credit: Beneficiary Statement

[Operator letterhead]

We, the Operator under the EWIC Access Rules (the “Beneficiary”) hereby state that [insert applicant’s name] is in default of its obligation to pay pursuant to the EWIC Access Rules (to which the applicant is a party) under paragraph [insert details] and as a result we hereby demand[insert amount being claimed] under Standby Letter of Credit number..... issued by[insert name of Issuing Bank].

Payment in respect of this Beneficiary Statement shall be effected immediately to [insert relevant account details]. We confirm that the signatory(ies) to this Beneficiary Statement are empowered to sign and make this Beneficiary Statement on behalf of the Beneficiary.

Terms defined in the Standby Letter of Credit referred to above have the same meaning when used in this Beneficiary Statement.

For and on behalf of

EirGrid Interconnector Limited

Authorised Signatory(ies)

Option B: Cash deposit in a Deposit Account established and notified by the Operator

- (I.) The account must be with a bank which complies with the criteria for a Credit Cover Provider as detailed in paragraphs A (I.) above.
- (II.) The account must be in the joint name of both the Operator and the User;
- (III.) Interest on the amount deposited in the account accrues for the benefit of the User, after deduction for any tax or bank charges;
- (IV.) The Operator and the User have irrevocably instructed the bank to make a payment against the sole signature of the Operator;
- (V.) The bank has agreed that the amounts deposited in the account must not be set off or otherwise applied by the bank in respect of any indebtedness of the User or other person; and
- (VI.) Amounts (other than interest) standing to the credit of the account will not be paid to the User without the prior written agreement of the Operator;
- (VII.) Shall be in the form attached in Appendix 1 “Company Mandate”; see example below.

APPENDIX 1: COMPANY MANDATE

TO OPEN / CONTINUE AND OPERATE DEPOSIT ACCOUNT

From: EirGrid plc and [Capacity User]

To: [Bank (name and address)]

1. Under the terms of and by the authority of the East West Interconnector (EWIC) Access Rules, **EirGrid plc** with offices at 160 Shelbourne Road, Ballsbridge, Dublin 4 (the “Company”), may open joint deposit accounts with capacity users of the EWIC.
2. [*Insert name of Capacity user*] (the Capacity User”) has or is in the process of registering as a User pursuant to the Access Rules and accordingly wishes to open a joint deposit account with EirGrid plc for the purposes of satisfying the credit cover requirements contained in the Access Rules.]

Part 1

By signing this Bank Mandate both parties confirm:

1. That BANK NAME (the “Bank”) be and is hereby requested and authorised to open in the joint names of the Company (Company name should appear on the account as “EirGrid plc”) and of the Capacity User, a deposit account as may be considered appropriate for the receipt and disbursement of the moneys placed on deposit and to give effect to any order, direction, request or instruction given to the Bank relating to withdrawals and transfers from such an account from time to time effected, made or given upon the sole signatory of the Company in accordance with the signing instructions in Part 2 hereof. Interest on the amounts deposited in the account will accrue for the benefit of the Capacity User only, after deduction of any tax or bank charges.
2. That the Mandate, having been notified to the Bank, shall remain in force unless and until altered or varied by new instructions given pursuant to a decision of authorised signatories of the Company and the Capacity User advised to the Bank in writing signed and countersigned by the Company and the Capacity User whereupon such new or supplemental instructions giving effect to such decision (to the extent that the same shall be at variance or inconsistent therewith) shall replace or alter, as the case may be, the instructions herein contained.
3. The Company and the Capacity User irrevocably instruct the Bank to immediately make payment against the sole signature of the Company and accordingly amounts (other than interest) standing to the credit of the account will not be paid to the Capacity User without the prior written agreement of EirGrid plc

4. The Bank agrees, and the Company and the Capacity User understand and consent that the amounts deposited in the account may not be set-off or otherwise applied by the Bank in respect of any indebtedness of the Capacity User or other person, including the Company.

5. Under the Criminal Justice Act, 1994 (or any act amending, supplementing or replacing same) as follows: AND WE AND EACH OF US DO HEREBY UNDERTAKE that the Bank be furnished with the Certificate of Incorporation (for sighting purposes only) and a print of the Memorandum and Articles of Association of the Company and the Capacity User for record purposes together with a list as per the attached Schedule (and/or a memorandum in lieu signed by a Director and countersigned by the Secretary of the Company and/or the Capacity User as appropriate containing all the following information or such thereof as is not contained in the Schedule) containing full names, residential addresses, business addresses, occupations, dates of birth and specimens of the signatures of the Directors and Secretary of the Company and the Capacity User and such further information/details as the Bank may require from time to time for the purposes of compliance by the Bank with its obligations under the Criminal Justice Act, 1994 or any amendment or modification thereof or any other statutory requirement for the time being in force.
AND WE AND EACH OF US DO HEREBY UNDERTAKE that the bank will be informed by notice in writing, signed by at least one Director and countersigned by the Secretary of the Company and or by the Capacity User as appropriate, as soon as may be, of any change in the authorised signatories of the Company and/or the Capacity User at which time specimens of the relevant signatures will be provided.

We hereby certify that:

- (i) [at a properly convened and quorate meeting of the Board of Directors of EirGrid plc held on [] it was validly resolved that a mandate in the form set out above should be granted to the mandate holders described in Part 2 below]; and
- (ii) that such resolution was duly passed in accordance with the Memorandum and Articles of Association of EirGrid plc and remains in full force and effect.

Date: _____

Name of Director

We hereby certify that:

- (i) [at a properly convened and quorate meeting of the Board of Directors of [*insert name of Capacity User*] held on [] it was validly resolved that a mandate in the form set out above should be granted to the mandate holders described in Part 2 below; and]
- (ii) that such resolution was duly passed in accordance with the Memorandum and Articles of Association of [*insert name of Capacity User*] and remains in full force and effect.

Date: _____

Name of Director

Part 2

SIGNING INSTRUCTIONS

AUTHORISED SIGNATURES

The Company and Capacity User authorise at their sole risk, in accordance with the provisions below, the following authorised officials of the Company and Capacity User to give order, direction, request or instruction in respect of the deposit account with the Bank, in writing.

Notwithstanding the above, the Bank agrees and acknowledges that neither the Company nor the Capacity User shall incur any liability in respect of any claims, demands, liabilities, costs, actions, proceedings, charges or expenses arising out of any fraud or negligence of the Bank, its officers, employees or agents.

Any withdrawals or transfers of the principal amount deposited must be authorised by two signatories, one signatory from each of Group A and B here of the Company

COMPANY SIGNATORIES:

SIGNATORY NAME OCCUPATION SPECIMEN SIGNATURE

One from Group A

Group A:

<i>Name</i>	<i>Title</i>	<i>Signature</i>
<i>Name</i>	<i>Title</i>	<i>Signature</i>

plus one from Group B

Group B:

<i>Name</i>	<i>Title</i>	<i>Signature</i>
<i>Name</i>	<i>Title</i>	<i>Signature</i>

Withdrawal of interest must be authorised by the following two signatories of the Capacity User:

SIGNATORY NAME	OCCUPATION	SPECIMEN SIGNATURE
<i>Name</i>	<i>Title</i>	<i>Signature</i>
<i>Name</i>	<i>Title</i>	<i>Signature</i>

Signed on behalf of the Capacity User:

_____ Date: _____

Title, CAPACITY USER NAME

_____ Date: _____

Title, CAPACITY USER NAME

CERTIFIED A TRUE COPY

(DIRECTOR) **CAPACITY USER NAME**

DATED THE ____ DAY OF _____

(SECRETARY) **CAPACITY USER NAME**

Signed on behalf of the Company:

_____ Date: _____

EirGrid plc

_____ Date: _____

EirGrid plc