

## DSC SERVICE DOCUMENT

### CREDIT POLICY

*This draft is being circulated subject to GT and Xoserve comments in the interests of getting the document out for review.*

Version: [ ]

Effective date: [ ]

#### 1 General

##### 1.1 Introduction

1.1.1 This Document is the Credit Policy referred to in Section GTD Paragraph 3.1.4 and Clause [ ] of the DSC Terms and Conditions and is a DSC Service Document.

1.1.2 This Document is an integral part of and is incorporated in the DSC.

1.1.3 The version of this Document which is in force, and the date from which it is in force, is as stated above.

##### 1.2 Interpretation

1.2.1 In this Document:

- (a) **Uniform Network Code** or **UNC** means the Uniform Network Code [ ];
- (b) a reference to Section GTB7 is to Section B7 of the General Terms of the Uniform Network Code;
- (c) **DSC Terms and Conditions** means the DSC Terms and Conditions as defined in and for the time being in force pursuant to TPD Section GTB7
- (d) terms defined in the DSC Terms and Conditions and not otherwise defined in this Document have the meanings given to them in the DSC Terms and Conditions;
- (e) terms defined in any other DSC Service Document and not otherwise defined in this Document have the meanings given to them in that DSC Service Document;
- (f) the further provisions of the DSC Terms and Conditions as to interpretation apply.

1.3 In this Document the following terms have the following meanings:

[ ]

A reference to the **Committee** is to the [Credit **Committee**[1]].

1.4 In the case of any conflict between the provisions of this Document and any other part of the DSC the provisions of the DSC Terms and Conditions as to priority apply.

##### 1.5 Scope and purpose

1.5.1 The purpose of this Document is to<sup>[2]</sup>:

- (a) [set out the basis on which the Committee is established, and identify the powers and duties of the Committee];
- (b) provide for the determination of a Customer's Credit Limits;
- (c) provide for the calculation of a Customer's DSC Indebtedness;
- (d) provide for the CDSP taking the steps to manage credit risk;
- (e) provide for the taking of steps by the CDSP to enforce credit security and recover unpaid DSC Charges; and
- (f) established what bad debt amounts and costs incurred by the CDSP in taking recovery steps are to be taken into account for the purposes of the Budget and Charging Methodology.

1.5.2 This Document is organised as follows:

[ ]

## 1.6 **Amendment**

1.1.1 *[To set out basis of amendment – where relevant by reference to Change Control Procedures document.]*

## 2 **General**

### 2.1 **Credit Committee<sup>[3]</sup>**

[ ]<sup>[4]</sup>

### 2.2 **CDSP and the Credit Committee**

2.2.1 The CDSP may consult with the Committee in relation to any aspect of its functions under this Credit Policy, and may convene a meeting of the Committee on any reasonable period of notice.

2.2.2 Where the CDSP has reasonable grounds for wishing to consult with the Committee in relation to any step to be taken in accordance with this Credit Policy the CDSP may (where it has convened a meeting of the Committee) defer taking such step until it has consulted with the Committee.

2.2.3 Where the CDSP brings a matter to the Committee relating to a particular Customer, the CDSP will not disclose the identity of the Customer to the Committee unless:

- (a) [the Customer agrees to such disclosure]
- (b) [ / ]

2.2.4 With the approval of the Committee, the CDSP is authorised, in implementing the provisions of this Credit Policy as respects Customers or any particular Customer, to delay the implementation of any such provision or to implement any such provision on a modified basis

which is (as respects the interests of Customers or the Customer in question) less onerous than the provision in the absence of such modification.

2.2.5 *[Exclude liability of Committee members to the CDSP and Customers for anything done in the proper discharge of office.]*

## **2.3 Liability of the CDSP**

2.3.1 *[The CDSP not required to do anything which may result in it becoming liable to any person in damages or otherwise.]*

2.3.2 *[Each Customer to authorise the CDSP to take steps contemplated in the Credit Policy, and that the CDSP will have no liability to a Customer for taking any such steps.]*

2.3.3 *[The CDSP not required to take any step which conflicts with a legal requirement or court order.]*

2.3.4 *[The CDSP will act in good faith in implementing Credit Policy, and will not be liable to any Customer for any failure or delay in taking any particular step contemplated under the Credit Policy.]*

2.3.5 *[Where any person makes a claim against the CDSP in consequence of the CDSP taking any step contemplated by the Credit Policy:*

- *the CDSP will defend claim;*
- *fees and costs of defending the claim will feed into the Charging Methodology.]*

## **2.4 DCS Credit Rules**

2.4.1 The "**DSC Credit Rules**<sup>[5]</sup>" are the rules established by the CDSP dated [ ] and so entitled, as from time to time amended in accordance with paragraphs [].

2.4.2 The DSC Credit Rules provide for the specified forms and the basis on which a Customer may provide security for the Customer's indebtedness in respect of [DSC Charges].

2.4.3 *[Subject to paragraph 2.3.4, and without prejudice to any express requirement under this Credit Policy to comply therewith, the DSC Credit Rules do not form part of and are not incorporated into the DSC.]*

2.4.4 With the approval of the Committee, the CDSP may revise the DSC Credit Rules upon giving notice to all Customer of not less than [2] months or such shorter period as may in any particular case be approved by the **Committee**<sup>[6]</sup>.

## **2.5 Contact Details**

2.5.1 Each Customer to provide a single contact person for the purposes of communications in respect of this Credit **Policy**<sup>[7]</sup>.

## **3 DSC Credit Limit and DSC Indebtedness**

### **3.1 DSC Credit Limit**

3.1.1 *[Basis on which Customer's Credit Limit will be **calculated**<sup>[8]</sup>.]*

3.1.2 *[Circumstances in which Credit Limit can be reviewed, e.g.*

- every 12 months;
- Customer request;
- change in published credit rating.]

### **3.2 DSC Indebtedness**

3.2.1 [Basis on which DSC Indebtedness will be is **calculated**[9].]

3.2.2 [DSC Indebtedness determined by reference to the DSC only, and nothing in the DSC to prevent Customer disputing correct calculation of DSC Indebtedness.]

### **3.3 Suspension**

3.3.1 [Requirement on the CDSP to notify Customer where DSC Indebtedness exceeds [ ]% of Credit Limit.]

3.3.2 [Identify steps the CDSP may take for so long as Customer's DSC Indebtedness exceeds [ ]% of Credit **Limit**[10].]

### **3.4 [Cash **Calls**[11]]**

### **3.5 Security Default**

3.5.1 [Circumstances in which the CDSP may notify Transporters of a DSC default (due to insufficient credit cover) for purposes of TPD **V4**[12].]

## **4 Surety and Security**

4.1 [Types of security which a Customer may provide to the **CDSP**[13], e.g.

- deposit deed;
- guarantee;
- letter or credit;
- pre-payment agreement.]

4.2 [Requirement on the CDSP to release security in event of decrease in Credit Limit.]

4.3 [Circumstances in which the CDSP can request further security.]

## **5 Payment**

### **5.1 Payment Default**

5.1.1 [What constitutes failure to pay DSC Charges, requirement to notify Committee.]

5.1.2 [Circumstances in which the CDSP may notify Transporters of a DSC default (due to failure to make payment) for purposes of TPD **V4**[14][15].]

### **5.2 Securities**

*[At what point the CDSP can enforce security.]*

### **5.3 Enforcement and Recovery Steps**

5.3.1 *[Steps which the CDSP can take*

- *without consulting the Committee*
- *after consulting the Committee.]*

5.3.2 *[What recovery costs and bad debt amounts feed into Budget and Charging Methodology.]*

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