

**DEVELOPMENT WORK GROUP 0103**  
**REMOVAL OF COMMUNITY RISK SECURED CREDIT LIMIT**

**SUPPLEMENTAL REPORT FOR MODIFICATIONS PANEL**

**17 March 1997**

**1. Introduction**

Development Work Group Report 0103 dated 5 March 1997 identified that the Work Group had agreed the following proposal should be implemented with effect from 1 October 1997:

- i) Reduce the Community Risk Secured Credit Limit to zero.
- ii) Provide an exception for those Shippers whose Energy Balancing operations are contained within a £50,000 level. Such Shippers would be able to avail themselves of a £50,000 Community Risk Secured Credit Limit provided that they hold a Moody's credit rating of 'Caa' or above.

The Report set out two alternative versions of legal text for implementing this proposal with the comment that Transco was seeking the views of Development Work Group members as to which they supported. This Supplemental Report sets out the Work Group's view.

**2. Proposed Legal Text**

It was the opinion of all members of the Development Work Group that the following legal text should be adopted (identified in section 4.2 of the Development Work Group Report as Text B) and that Paragraph 2.2.2 of the Network Code Supplement should be amended to read as follows:

"2.2.2 For each User the "**Secured Credit Limit**" shall be:

- (a) subject to paragraph (b), the amount determined under paragraph 2.2.3;
- (b) if the User so elects by notice to Transco, where and for so long as the User has a special credit rating of at least the level specified in the Energy Balancing Credit Rules for the purposes of this paragraph (b), the sum of £50,000."

This text is non-discriminatory and would permit all small shippers i.e. both existing and future, to avail themselves of a £50,000 Community Risk Secured Credit Limit provided that they hold a credit rating (Moody's) of 'Caa' or better.

In order to support the above text a change will be required to the Energy Balancing Credit Rules. This will be actioned in accordance with section 2.1.5 of the Network Code Supplement.

**3. Amendment to Development Work Group Report 0103 dated 5 March 1997**

Section 2.3 first bullet - amend the last sentence by replacing "higher" with "entire" as follows:

"Where the 20% level was lower than £50,000 and a Shipper required a higher limit, security for the entire requirement would be necessary".