

07/09/2007

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0147**

“Administration of Unsecured Credit Afforded on the basis of Payment History and Independent Assessment”

Please note that Modification Proposal No 0147 will be implemented with effect from 06:00 hours on 11/09/2007. The Final Modification Report, Version 5.0, was signed by Ofgem on 07/09/2007.

The new Code text resulting from this Modification follows.

Modified Text:

TPD SECTION V: GENERAL

Amend paragraph 3.1.9 to read as follows:

- 3.1.9 Where a User has been allocated an Unsecured Credit Limit pursuant to 3.1.8 above, and such User subsequently fails to make payment in full of any invoice (other than in respect of Energy Balancing Charges) issued in accordance with Section S:
- (a) with a total amount due of £250 or less, then such User’s Unsecured Credit Limit shall be reduced by 50% from the date of such payment default; or
 - (b) with a total amount due of greater than £250, or where a User fails to make payment on any other occasion within 12 Months of a default as set out in (a) above, then such User’s Unsecured Credit Limit shall be reduced to zero from the date of such payment default.

The User’s payment history may continue to be used following the date of any payment default as set out above to increase the reduced value of the User’s Unsecured Credit Limit in accordance with paragraph 3.1.8 above.

Amend paragraph 3.1.10 to read as follows:

- 3.1.10 Upon request from a User, the Transporter will specify a panel of 3 independent credit rating agencies. The User may select any one of such

agencies for the Transporter to use to allocate an Unsecured Credit Limit to the User as follows:

- (a) where such User is unable to obtain an Approved Credit Rating (up to a maximum of 20% of the relevant Transporter’s Maximum Unsecured Credit Limit); or
- (b) where such User has an Approved Credit Rating below Ba3 (awarded by Moody’s Investment Services or an equivalent rating by Standard and Poor’s Corporation) (up to a maximum of 13⅓% of the relevant Transporter’s Maximum Unsecured Credit Limit).

a score of between 0 and 10 will be allocated to the User in accordance with the following table to calculate the User’s Unsecured Credit Limit:

Independent Assessment Score	% of Transporter’s Maximum Unsecured Credit Limit
10	20
9	19
8	18
7	17
6	16
5	15
4	13⅓
3	10
2	6⅔
1	3⅓
0	0

3.1.11 Any Unsecured Credit Limit allocated in accordance with paragraph 3.1.10 shall be reviewed annually. Where any costs are incurred by the Transporter in providing an Unsecured Credit Limit in accordance with paragraph 3.1.10, including any annual reviews, the User shall pay to the Transporter 20% of such costs incurred. All reassessments in addition to those mentioned above shall be paid for by the party requesting them.

Yours sincerely,

Julian Majdanski
 Modification Panel Secretary