

26/10/2007

Dear Colleague,

**NOTICE OF IMPLEMENTATION  
MODIFICATION PROPOSAL No: 0144AV**

"Quantification of Value at Risk (VAR) to determine a User's minimum Code Credit Limit Requirement"

Please note that Modification Proposal No 0144AV will be implemented with effect from 06:00 hours on 01/02/2008. The Final Modification Report, Version 3.0, was signed by Ofgem on 24/10/2007.

The new Code text resulting from this Modification follows.

**Modified Text:**

**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL  
DOCUMENT**

**SECTION V – GENERAL**

*Delete Paragraphs 3.1.2(a) and 3.1.2(b), and renumber 3.1.2 (c) so that it shall read as follows:*

"The Code Credit Rules...to Users setting out (inter alia) procedures by which a User may discuss its Code Credit Limit with the Transporter".

*Amend paragraph 3.2.1 to read as follows:*

"For the purposes of the Code:

- (a) "**Code Credit Limit**" is the sum of a User's Unsecured Credit Limit and any security provided by a User pursuant to paragraph 3.4, provided that such amount must be equal to or greater than the User's Value at Risk;
- (b) ...
- (c) ...
- (d) "**Value at Risk**" at any point in time is the sum of:
  - (i) The aggregate amount (other than Energy Balancing Charges) invoiced to the User pursuant to Section S but remaining unpaid (irrespective of whether such amount has become due for payment); and

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- (ii) The average daily rate of the aggregate amount (other than Energy Balancing Charges) invoiced to the User in the previous calendar month multiplied by 20.

*Amend paragraph 3.2.4 to read as follows:*

“A User’s Code Credit Limit may from time to time...in accordance with the Code...Limit”.

*Amend paragraph 3.2.4(d) to read as follows:*

“where any instrument of surety or security expires or is determined;”

*Amend paragraph 3.2.5 to read as follows:*

“Where any published credit rating of a User or any person providing surety for a User is revised downwards to the extent that the credit rating following such revision is less than BB- (as provided by Standard and Poor’s or such equivalent rating by Moody’s Investors Service), then such User’s Code Credit Limit may be immediately reviewed and revised by the Transporter in accordance with the Code, on notice to the User.”

*Amend paragraph 3.4.4 to read as follows:*

“3.4.4 The condition referred to in paragraph 3.4.3 is that the amount of the User’s Value at Risk, at the date of such release or reduction is not more than 100% of the amount of a User’s Code Credit Limit, determined in accordance with Code on the basis...”

Yours sincerely,

Julian Majdanski  
Modification Panel Secretary