

Notice of Implementation

0300: RG0252 Proposal 3: Introduction of Fitch as an allowable Credit Rating Agency for the purposes of Code Credit Arrangements

Date: 17 December 2010

Dear Colleague,

Please note that Modification Proposal No 0300 will be implemented with effect from 06:00 hours on 20/12/2010. The Final Modification Report, Version 5.0, was signed by Ofgem on 16/12/2010.

The new Code text resulting from this Modification follows:

Modified Text

UNIFORM NETWORK CODE

TRANSPORTATION PRINCIPAL DOCUMENT

SECTION V

V3.1.1 amend to read as follows:

“3.1.1 For the purposes of the Code:

- b) An “Approved Credit Rating” is a published and monitored long term rating provided by a Credit Rating Agency as defined in 3.1.1(d) of not less than Ba3 by Moody’s Investors Service or equivalent rating by either Standard & Poor’s or Fitch Ratings.
- d) A “Credit Rating Agency” can issue an Approved Credit Rating and is confined to Fitch Ratings, Moodys Investment Service and Standard and poor’s Rating Group and any of their subsidiaries.”

V3.1.3. a) amend to read as follows:

“3.1.3

- a) Where a User has an Approved Credit Rating, such User’s Unsecured Credit Limit at any time shall be

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calculated as that percentage (%) of the Maximum Unsecured Credit Limit by reference to the User's Approved Credit Rating as follows:

Approved Credit Rating			User's % of Maximum Unsecured Credit Limit	Parent Company	Company
Standard & Poor's	Moody's Investors Service	Fitch Ratings			
AAA	Aaa	AAA	100	✓	✓
AA+	Aa1	AA+	100	✓	✓
AA	Aa2	AA	100	✓	✓
AA-	Aa3	AA-	100	✓	✓
A+	A1	A+	40	✓	✓
A	A2	A	40	✓	✓
A-	A3	A-	40	✓	✓
BBB+	Baa1	BBB+	20	✓	X
BBB	Baa2	BBB	19	✓	X
BBB-	Baa3	BBB-	18	✓	X
BB+	Ba1	BB+	17	✓	X
BB	Ba2	BB	16	✓	X
BB-	Ba3	BB-	15	✓	X

V3.1.4 amend to read as follows:

“3.1.4 Subject to paragraph 3.1.7, where a User does not have an Approved Credit Rating, or a User's Approved Credit Rating is less than that in 3.1.3(a), such User may obtain an Unsecured Credit Limit by”:

V3.1.7 amend to read as follows:

“3.1.7 Upon request from a User, the User may select any one of the specified agencies for the Transporter to use to allocate an Unsecured Credit Limit to the User as follows:

- b) where such User has an Approved Credit Rating less than that in 3.1.3(a) (up to a maximum of 13⅓% of the relevant Transporter's Maximum Unsecured Credit Limit).”

V3.2.5 amend to read as follows:

“3.2.5 Where any published credit rating of the 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 that in 3.1.3(a) 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”:

V3.4.5 amend the following definitions to read as follows:

“3.4.5 For the purposes of Code:

“**Enforceable**” shall mean the Transporter (acting reasonably) is satisfied that the instrument of security is legally enforceable and in this respect, where security is provided by a company registered outside of England and Wales, the Country of residence of such company must have a sovereign credit rating of a Qualifying Company (where such ratings conflict, the lower of the ratings will be used) and the User shall at its own expense provides such legal opinion as the Transporter may reasonably require;

“**Letter of Credit**” shall mean an unconditional irrevocable standby letter of credit in such form as provide to the User form time to time by the Transporter from such bank as the Transporter may approve (provided that payment may be made at a United Kingdom branch of such issuing bank) with a long term debt rating of not less than that of a Qualifying Company (where such ratings conflict, the lower of the ratings will be used);

“**Parent Company**” shall mean:

- (i) in the case of a company registered in England and Wales a public or private company within the meaning of Section 1(3) of the Companies Act 1985 with a long term debt rating of no less than that in 3.1.3(a) (where such ratings conflict, the lower of the ratings will be used) that is either a shareholder of the User or any holding company of such shareholder (the expression holding company having the meaning assigned thereto by Section 736, Companies Act 1985 as supplemented by Section 144(3) Companies Act 1989); or
- (ii) in the case of an entity registered outside of England and Wales, such equivalent entity to (i) above that is acceptable to the Transporter, acting reasonably;

“**Qualifying Company**” shall mean:

- (i) in the case of a company registered in England and Wales a public or private company within the meaning of section 1(3) of the Companies Act 1985 with a long term debt rating of at least A provided by a Credit Rating Agency as defined in 3.1.1 (where such ratings conflict, the lower of the ratings will be used); or

- (ii) in the case of an entity registered outside of England and Wales, such equivalent entity to (i) above that is acceptable to the Transporter, acting reasonably”.

Yours sincerely,

Bob Fletcher
Modification Panel Secretary
Joint Office of Gas Transporters
Tel: 0121 623 2115
Website: www.gasgovernance.co.uk