

Revised Unsecured Credit Limits 1st October 2016

Code Credit Limits – UNC TPD Section V 3

Unsecured Credit through Investment Grade Ratings

As defined in UNC where a User, parent company or qualifying company has an Approved Credit Rating the unsecured credit limit is based on 2% National Grid's Regulated Asset Value (RAV). It should be noted that currently the unsecured calculation is based on the combined Transmission and Distribution RAV (2016/7).

The table shows the current limit, £value, and revised limits upon hive-down.

Standard & Poor's	Moody's	Fitch	% of RAV available	Maximum Unsecured Credit limit available		
				Current Allowance 2016-2017	2016-2017 Gas Distribution from 1st October	2015-2017 Gas Transmission from 1st October
AAA, AA+ AA AA-	Aaa, Aa1 Aa2 Aa3	AAA, AA+ AA AA-	100 100 100 100	£277,585,200.00	£173,520,000.00	£104,065,200.00
A+ A A-	A1 A2 A3	A+ A A-	40 40 40	£111,034,080.00	£69,408,000.00	£41,626,080.00
BBB+	Baa1	BBB+	20	£55,517,040.00	£34,704,000.00	£20,813,040.00
BBB	Baa2	BBB	19	£52,741,188.00	£32,968,800.00	£19,772,388.00
BBB-	Baa3	BBB-	18	£49,965,336.00	£31,233,600.00	£18,731,736.00
BB+	Ba1	BB+	17	£47,189,484.00	£29,498,400.00	£17,691,084.00
BB	Ba2	BB	16	£44,413,632.00	£27,763,200.00	£16,650,432.00
BB-	Ba3	BB-	15	£41,637,780.00	£26,028,000.00	£15,609,780.00

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Unsecured Credit through Payment History

Where a User does not have an Approved Credit Rating the User may obtain an unsecured credit limit by payment history. Again this is based on the Transporters RAV.

Essentially, if a User pays their invoices to terms they can accrue on a gradual basis a monthly credit allowance. The accrual will continue for the first 24 months post accession to UNC, thereafter the allowance must be replaced by another form of security or surety as appropriate.

The table shows the current limit, £value, and revised limits upon hive-down.

	Maximum Payment History Allowance	Maximum Monthly Payment History Allowance
Current 2016/17	£2,220,681.60	£92,528.40
Revised Gas Distribution	£1,388,160.00	£57,840.00
Revised Gas Transmission	£832,521.60	£34,688.40

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Unsecured Credit through Independent Assessment

Where a User or Parent Company does not have an Approved Credit Rating the User may obtain an unsecured credit limit by an independent assessment. Again this is based on the Transporters RAV. The difference between the two types of unsecured options above is that we take the lower of the two recommended limits. If the credit agencies maximum credit limit is less than the RAV allowance we would then use the credit agencies limit.

Independent Assessment Score	Dun & Bradstreet Comprehensive Report	Experian Bronze, Silver or Gold Report	Graydon s Level 1, 2 or 3 report	% of Maximum Unsecured Credit Limit	Current Maximum Unsecured Credit Limit available 2016/17	Revised Maximum Unsecured Credit Limit Gas Distribution	Revised Maximum Unsecured Credit Limit Gas Transmission
10	5A1	95-100	1A	20	£55,517,040.00	£34,704,000.00	£20,813,040.00
9	5A2/4A1	90-94	1B/2A	19	£52,741,188.00	£32,968,800.00	£19,772,388.00
8	5A3/4A2/3A1	80-89	1C/2B/3A	18	£49,965,336.00	£31,233,600.00	£18,731,736.00
7	4A3/3A2/2A1	70-79	2C/3B/4A	17	£47,189,484.00	£29,498,400.00	£17,691,084.00
6	3A3/2A2/1A1	60-69	3C/4B/5A	16	£44,413,632.00	£27,763,200.00	£16,650,432.00
5	2A3/1A2/A1	50-59	4C/5B/6A	15	£41,637,780.00	£26,028,000.00	£15,609,780.00
4	1A3/A2/B1	40-49	5C/6B/7A	13.33	£37,011,360.00	£23,136,000.00	£13,875,360.00
3	A3/B2/C1	30-39	6C/7B/8A	10.00	£27,758,520.00	£17,352,000.00	£10,406,520.00
2	B3/C2/D1	20-29	8B	6.67	£18,505,680.00	£11,568,000.00	£6,937,680.00
1	C3/D2/E1	10-19	8C	3.33	£9,252,840.00	£5,784,000.00	£3,468,840.00
0	Below E1	Below 10	Below 8C	0	£0.00	£0.00	£0.00

Surety or Security – UNC TPD 3.4

It should be noted that when a User doesn't have an unsecured or insufficient credit limit a form of security or surety is required. These take the form of letters of credit, deposit deeds, guarantee (PCG) or bond.

All documents are currently drawn for the beneficiary of National Grid Gas plc. As Gas Distribution will become a separate legal entity at hive-down, the Users will need to provide a separate document for the benefit of the new company.