

**APPLICATION FOR CONSENT TO MODIFY THE CODE**  
“Correction to the Legal Text Implemented for UNC Modification 0300: RG0252  
Proposal 3: Introduction of Fitch as an allowable Credit Rating Agency for the  
purposes of Code Credit Arrangements”  
Version 1.0

Reference: C046

**Transporter Proposal**

The Joint Office of Gas Transporters, on behalf of the Transporters, would like to request that the Authority grants permission to amend the legal text in UNC TPD Section V.

This request relates to a specific change required to address the inadvertent omission of the term ‘Qualifying’ in the far right hand column title in the table contained in paragraph 3.1.3 during development of the Draft & Final Modification Reports and the subsequent Notice of Implementation.

The change would ensure that the implementation of the modification is consistent with the intent of the original proposal and its suggested legal text. To this end, the complete text is provided so that the change can be viewed in context.

The UNC Panel have been made aware of the above error, and no objections to raising this request to amend the error have been received.

**Nature of Modification**

**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.”

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Consent to Modify - C046

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20 December 2011

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Version 1.0

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Page 1 of 5

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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 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	Qualifying 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

Consent to Modify - C046

20 December 2011

Version 1.0

Page 2 of 5

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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

Consent to Modify - C046

20 December 2011

Version 1.0

Page 3 of 5

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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”.

**Transporter Application**

This application contains the Transporters' proposal to modify the Uniform Network Code for which they now seek the consent of the Authority

Signed for and on behalf of Transporter.

Signature:

**Tim Davis**  
**Chief Executive Joint Office of Gas Transporters**

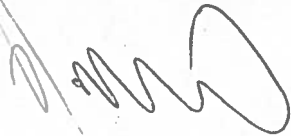
Date:

**Gas and Electricity Markets Authority Response:**

In accordance with Standard Special Condition A11 'Network Code and the Uniform Network Code' of the Gas Transporters License, I hereby consent to the above modification to the Code.

Signed for and on Behalf of the Gas and Electricity Markets Authority.

Signature:



Date:

