

UNC Draft Modification Report	At what stage is this document in the process?
<h1>UNC 0827S:</h1> <h2>Amending the Unsecured Credit Table in TPD V3 to reflect the removal of Graydons and insertion of Creditsafe</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 01 Modification </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 02 Workgroup Report </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 03 Draft Modification Report </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 04 Final Modification Report </div> </div>
<p>Purpose of Modification:</p> <p>The Modification makes changes to the Unsecured Credit Rating Table to bring into effect the change from Graydon to Creditsafe ratings.</p>	
<p>Next Steps:</p> <p>This Draft Modification Report is issued for consultation responses at the request of the Panel. All parties are invited to consider whether they wish to submit views regarding this Self-Governance Modification.</p> <p>The close-out date for responses is 10 January 2023, which should be sent to enquiries@gasgovernance.co.uk. A response template, which you may wish to use, is at www.gasgovernance.co.uk/0827.</p> <p>The Panel will consider the responses and agree whether or not this Self-Governance Modification should be made.</p>	
<p>Impacted Parties:</p> <p>High:</p> <p>Low: Shippers that use Graydon’s independent assessment Transporters</p> <p>None:</p>	
<p>Impacted Codes: None identified</p>	

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Timetable		 UKLink@xoserve.com
Modification timetable:		
Pre-Modification Discussed	27 October 2022	
Date Modification Raised	31 October 2022	
New Modification to be considered by Panel	17 November 2022	
First Workgroup Meeting	29 November 2022	
Workgroup Report to be presented to Panel	15 December 2022	
Draft Modification Report issued for consultation	15 December 2022	
Consultation Close-out for representations (15 days)	10 January 2023	
Final Modification Report available for Panel	13 January 2023	
Modification Panel decision (at short notice)	19 January 2023	

1 Summary

What

On 28 February 2022, Creditsafe Nederland BV acquired the portfolios of all the Graydon companies under Graydon Holding NV. Creditsafe have highlighted to Transporters that their access to the Graydons portal will cease at the end of their current contracts and new contracts to access the Creditsafe portal will be required.

The table in UNC Transportation Principal Document (TPD) V 3.1.7 (which is used to calculate a User's Unsecured Credit Limit) needs to be updated to insert the credit ratings issued by Creditsafe and to remove Graydons.

UNC TPD V can be found here:

[Independent Assessment Score Table \(gasgovernance.co.uk\)](https://www.gasgovernance.co.uk/Independent-Assessment-Score-Table)

Why

As Transporters will shortly lose access to the Graydons Portal, this change is required to remove Graydons and allow new and existing Shippers to be able to use Creditsafe for an independent assessment to obtain unsecured credit.

How

The table within TPD V3.1.7 will require amending to remove Graydons ratings and reflect the new Creditsafe ratings.

2 Governance

Justification for Self-Governance

The Modification:

(i) is unlikely to have a material effect on:

competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes; and

(ii) is unlikely to discriminate between different classes of parties to the uniform network code/relevant gas transporters, gas shippers or DN operators.

Requested Next Steps

This Modification should be considered a non-material change and subject to Self-Governance.

3 Why Change?

On 28 February 2022, Creditsafe Nederland BV acquired the portfolios of all the Graydon companies under Graydon Holding NV. Graydons is currently one of the independent credit rating agencies which a User can select to obtain an Unsecured Credit Rating from the Transporters.

Transporters have differing Graydon contract end dates with most coming to an end shortly. Transporters are currently negotiating with Creditsafe to extend their access to the Graydon portal whilst the necessary UNC arrangements to include Creditsafe are put in place. It is thought likely that access to the Graydons portal will be removed for all Transporters **by no later than the end of February 2023**.

It is therefore necessary to amend the Independent Assessment Score table within UNC TPD V3.1.7 to remove Graydons and include Creditsafe as an independent credit rating agency in their place.

A housekeeping change is also proposed, to amend the title of 'Dunn & Bradstreet / N2 Check Comprehensive Report' to simply 'Dunn & Bradstreet Report' as the N2 report was subsumed into Dunn & Bradstreet a number of years ago and is therefore redundant.

A further housekeeping change is also required to change the Experian Bronze, Silver or Gold Report to Experian Business IQ Report. The Bronze, Silver and Gold Reports are obsolete, and the change reflects the correct name of the report which Transporters are currently using.

Creditsafe scoring mechanism

The Creditsafe scoring mechanism (below) contains 5 ratings.

The current table within TPD V3.1.7 has a scoring mechanism of ten ratings. It is therefore necessary to expand the 5 Creditscore ratings, by taking the midway point within each, to fit within the current table in V3.1.7.

Financials Filed / Established

Score	Description
● 71-100	Very Low Risk
● 51-70	Low Risk
● 30-50	Moderate Risk
● 21-29	High Risk
● 1-20	Very High Risk

Independent Assessment Score	Equivalent of the Independent Assessment Score to credit scores provided by the independent credit rating agencies for Independent Assessments			% of Transporter's Maximum Unsecured Credit Limit
	Dunn & Bradstreet Report	Experian Business IQ Report	Creditsafe Report	
10	5A1	95-100	86-100	20

9	5A2/4A1	90-94	71-85	19
8	5A3/4A2/3A1	80-89	61-70	18
7	4A3/3A2/2A1	70-79	51-60	17
6	3A3/2A2/1A1	60-69	41-50	16
5	2A3/1A2/A1	50-59	30-40	15
4	1A3/A2/B1	40-49	25-29	13 ^{1/3}
3	A3/B2/C1	30-39	21-24	10
2	B3/C2/D1	20-29	15-20	6 ^{2/3}
1	C3/D2/E1	10-19	10-14	3 ^{1/3}
0	E2 to Z inclusive	Below 10	Below 10	0

4 Code Specific Matters

Reference Documents

UNC TPD V

[Independent Assessment Score Table \(gasgovernance.co.uk\)](https://www.gasgovernance.co.uk/independent-assessment-score-table)

Knowledge/Skills

Familiarity with Code credit arrangements

5 Solution

BR 1 - Amend table in TPD V 3.1.7 to remove Graydons and include Creditsafe scoring mechanism and amend the title of the Dunn & Bradstreet / N2 Check Comprehensive Report to Dunn & Bradstreet Report and also the Experian Report from 'Bronze, Silver or Gold Report, to 'Business IQ Report'.

Independent Assessment Score	Equivalent of the Independent Assessment Score to credit scores provided by the independent credit rating agencies for Independent Assessments			% of Transporter's Maximum Unsecured Credit Limit
	Dunn & Bradstreet Report	Experian Business IQ Report	Creditsafe Report	
10	5A1	95-100	86-100	20
9	5A2/4A1	90-94	71-85	19
8	5A3/4A2/3A1	80-89	61-70	18
7	4A3/3A2/2A1	70-79	51-60	17
6	3A3/2A2/1A1	60-69	41-50	16
5	2A3/1A2/A1	50-59	30-40	15
4	1A3/A2/B1	40-49	25-29	13 ^{1/3}
3	A3/B2/C1	30-39	21-24	10
2	B3/C2/D1	20-29	15-20	6 ^{2/3}
1	C3/D2/E1	10-19	10-14	3 ^{1/3}
0	E2 to Z inclusive	Below 10	Below 10	0

BR 2 – Upon implementation of the Modification, all current Users who have an Unsecured Credit Limit allocated as per a Graydons assessment (in line with TPD V3.1.7) will have their Unsecured Credit Limit reassessed as per Creditsafe unless Transporters are notified of a preference for assessment by another agency prior to implementation.

6 Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

None

Consumer Impacts

The change is not expected to materially affect any Shipper’s credit and hence there should be no consumer impacts.

What is the current consumer experience and what would the new consumer experience be?

None

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
Improved safety and reliability	None
Lower bills than would otherwise be the case	None
Reduced environmental damage	None
Improved quality of service	None
Benefits for society as a whole	None

Cross-Code Impacts

The IGT UNC may need to consider a similar change if required.

EU Code Impacts

None.

Central Systems Impacts

No central systems changes are required therefore the CDSP representative confirmed at Workgroup on 29 November 2022 that there are no costs for system changes.

Rough Order of Magnitude (ROM) Assessment <i>(Workgroup assessment of costs & lead times)</i>	
Cost estimate from CDSP	£0

Performance Assurance Considerations

The Proposer confirmed they did not believe there were any Performance Assurance considerations.

Workgroup Participants, at their meeting on 29 November, agreed with the Proposer.

Panel Questions

None.

Workgroup Impact Assessment

Gas Transporters Cadent, SGN and WWU confirmed in the meeting on 29 November 2022 that there was no impact to any Shippers connected with their networks.

The Proposer confirmed they understood National Grid has roughly 2 Shippers of relevance to the Modification and are in discussions with these Shippers as to any impact.

The NGN representative confirmed they were in discussions with their two impacted Shippers at the date of writing 29 November 2022.

No other concerns were raised by Workgroup Participants at the meeting on 29 November 2022.

7 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

f) Removing Graydons and replacing it with Creditsafe will allow Users continued access to Unsecured Credit assessment via a choice of 3 Credit Agencies.

Workgroup Assessment of Relevant Objectives

No Workgroup Participants raised any objection to the Proposer's justification for the Modification furthering Relevant Objective f).

8 Implementation

As Self-Governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

9 Legal Text

Legal Text has been provided by Cadent and is published alongside this report.

Workgroup Assessment

The Workgroup considered the Legal Text on 29 November 2022 and was satisfied that it meets the intent of the Solution.

Text Commentary

Published alongside the Modification <https://www.gasgovernance.co.uk/0827>.

Text

Published alongside the Modification <https://www.gasgovernance.co.uk/0827>.

10 Recommendations

Panel's Recommendation to Interested Parties

The Panel have recommended that this report is issued to consultation and all parties should consider whether they wish to submit views regarding this Self-Governance Modification.