

01/02/2007

Dear Colleague,

**NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0113**

"Availability of Unsecured Credit Based on User Payment Record or Independent Assessment"

Please note that Modification Proposal No 0113 will be implemented with effect from 06:00 hours on 01 May 2007. The Final Modification Report, Version 2.0, was signed by Ofgem on 26/01/2007.

The new Code text resulting from this Modification follows.

TPD SECTION V: GENERAL

Amend paragraph 3.1.1 to read as follows:

“3.1.1 For the purposes of the Code:

- (a)...
- (b)...
- (c) The Unsecured Credit Limit is that proportion of the Maximum Unsecured Credit Limit extended to a User by the Transporter as calculated in accordance with paragraph 3.1.6 or 3.1.7 as appropriate.

Add new paragraph 3.1.7 as follows:

3.1.7 Subject to paragraph 3.1.10, where a User does not have an Approved Credit Rating, or a User's Approved Credit Rating is less than Ba3 awarded by Moody's Investment Services or an equivalent rating by Standard and Poor's Corporation, such User may obtain an Unsecured Credit Limit by:

- (a) payment history in accordance with paragraph 3.1.8 below; or
- (b) independent assessment in accordance with paragraph 3.1.9 below
provided that a User shall only be able to obtain an Unsecured Credit Limit by one of the above methods at any one time.

3.1.8 The Transporter may allocate an Unsecured Credit Limit to a User based upon the period of time elapsed that such User has paid all invoices by their due date for payment in accordance with Section S, such that after a calendar month, a User may be allocated an Unsecured Credit Limit on the basis of 0.4% of the relevant Transporter's Maximum Unsecured Credit Limit over a 12 Month period and increasing on an evenly graduated basis each Month up

to a maximum of 2% of the relevant Transporter's Maximum Credit Limit after 5 Years.

3.1.9 Where a User has been allocated an Unsecured Credit Limit pursuant to 3.1.8 above, and such User subsequently fails to make payment of any invoice issued in accordance with Section S, then its Unsecured Credit Limit shall be deemed to be valued at zero from the date of such payment default.

3.1.10 Upon request from a User, the Transporter may appoint one of a panel of 3 independent agencies to allocate an Unsecured Credit Limit to the User where:

- (a) such User is unable to obtain an Approved Credit Rating (up to a maximum of 20% of the relevant Transporter's Maximum Unsecured Credit Limit); or
- (b) such User has an Approved Credit Rating below Ba3 (awarded by Moody's Investment Services or an equivalent rating by Standard and Poor's Corporation) (up to a maximum of 13⅓% of the relevant Transporter's Maximum Unsecured Credit Limit).

a score of between 0 and 10 will be allocated to the User in accordance with the following table to calculate the User's Unsecured Credit Limit:

<u>Independent Assessment Score</u>	<u>% of Transporter's Maximum Unsecured Credit Limit</u>
10	20
9	19
8	18
7	17
6	16
5	15
4	13⅓
3	10
2	6⅔
1	3⅓
0	0

3.1.11 Any Unsecured Credit Limit allocated in accordance with paragraph 3.1.10 shall be reviewed annually. Where any costs are incurred by the Transporter in providing an Unsecured Credit Limit in accordance with paragraph 3.1.10, including any annual reviews, the User shall pay to the Transporter 20% of such costs incurred. Where any additional reassessments are required by the User or the Transporter, the User shall meet the full cost of such reassessment.

Yours sincerely,

Julian Majdanski
 Modification Panel Secretary