10/06/2008

Dear Colleague

NOTICE OF IMPLEMENTATION
MODIFICATION PROPOSAL No: 0190

"Clarification of Aggregation of Credit Positions using a Guarantee from a Security Provider"

Please note that Modification Proposal No 0190 will be implemented with effect from 06:00 hours on 16/06/2008. The Final Modification Report, Version 4.0, was signed by Ofgem on 06/06/2008.

The new Code text resulting from this Modification follows:

Modified Text:

**UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT
TPD SECTION V: GENERAL**

Amend paragraph 3.1.6 (a), (b) & (c) and replace 3.1.6 (d) to read as follows:

"3.1.6

(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
Standard and Poor's	Moody's Investors Service	
AAA/AA	Aaa/Aa	100
A	A	40
BBB+	Baa1	20
BBB	Baa2	19
BBB-	Baa3	18
BB+	Ba1	17
BB	Ba2	16
BB-	Ba3	15

(b) Subject to paragraph 3.1.6 (c), where a Qualifying Company or Parent Company provides security to in respect of a User in the form of a Guarantee

~~pursuant to paragraph 3.4.5~~ (the "**Security Provider**"), then the Approved Credit Rating of such Security Provider may be used in place of the User's to calculate such User's Unsecured Credit Limit in accordance with the table set out in paragraph 3.1.6<u>(a)</u>

(c) Where a Security Provider provides security <u>pursuant to paragraph 3.1.6(b) or paragraph 3.1.6(d)</u> for more than one User, the aggregate ~~Unsecured Credit Limits of such Users~~ <u>security provided by the Security Provider</u> shall not exceed <u>the</u> maximum credit entitlement of the Security Provider calculated in accordance with the table set out in paragraph 3.1.6<u>(a)</u>

(d) <u>A User may increase an Unsecured Credit Limit allocated pursuant to paragraph 3.1.6(a) or paragraph 3.1.7 by an incremental amount (the "Incremental Amount") by providing security (in respect of the Incremental Amount) in the form of a Guarantee from a Security Provider with an Approved Credit Rating subject to:</u>

   (i) <u>such Approved Credit Rating being sufficient to cover the Incremental Amount as calculated in accordance with the table set out in paragraph 3.1.6(a); and</u>

   (ii) <u>paragraph 3.1.6(c); and</u>

   (iii) <u>in the opinion of the Transporter, such Security Provider's ability to bear risk not being exceeded.</u>"

Yours sincerely

Julian Majdanski
Modification Panel Secretary