












UNC Workgroup Report		At what stage is this document in the process?
<h1>UNC 0713:</h1> <h2>Amendments to TPD V3.1.7 Independent Assessment table</h2>		<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; padding: 2px; display: flex; align-items: center; gap: 5px;">01 Modification</div> <div style="border: 1px solid #ccc; padding: 2px; display: flex; align-items: center; gap: 5px; background-color: #0070c0; color: white;">02 Workgroup Report</div> <div style="border: 1px solid #ccc; padding: 2px; display: flex; align-items: center; gap: 5px;">03 Draft Modification Report</div> <div style="border: 1px solid #ccc; padding: 2px; display: flex; align-items: center; gap: 5px;">04 Final Modification Report</div> </div>
<p>Purpose of Modification: This Modification makes changes to a UNC mapping table to reflect changes to the way Graydon determines credit ratings.</p>		
	<p>The Workgroup recommends that this modification should be subject to self-governance</p> <p>The Panel will consider this Workgroup Report on [20 February, 2020]. The Panel will consider the recommendations and determine the appropriate next steps.</p>	
	High Impact:	
	Medium Impact:	
	<p>Low Impact:</p> <p>Shippers that use Graydon's independent assessment for transportation credit, Transporters</p>	

Deleted: 16 April

Contents		?	Any questions?
1	Summary	3	Contact: Joint Office of Gas Transporters
2	Governance	3	
3	Why Change?	4	
4	Code Specific Matters	4	 enquiries@gasgovernance.co.uk
5	Solution	4	
6	Impacts & Other Considerations	4	 0121 288 2107
7	Relevant Objectives	6	Proposer: Richard Pomroy
8	Implementation	7	
9	Legal Text	7	 Richard.Pomroy@wutilities.co.uk
10	Recommendations	7	
Timetable			 029 2027 8552 or 07812 973337
Modification Timetable			Transporter: Wales & West Utilities
Initial consideration by Workgroup	23 January 2020		
Workgroup Report presented to Panel	16 April 2020		
Draft Modification Report issued for consultation	16 April 2020		 Richard.Pomroy@wutilities.co.uk
Consultation Close-out for representations	01 May 2020		
Final Modification Report available for Panel	12 May 2020		 029 2027 8552 or 07812 973337
Modification Panel decision	21 May 2020		Systems Provider: Xoserve
			 UKLink@xoserve.com
			Other: n/a

Deleted: 5

Deleted: 8

Deleted: 8

Deleted: 8

1 Summary

What

The table in UNC Transportation Principal Document (TPD) V 3.1.7 (which shows how to calculate a User's Unsecured Credit Limit) needs to be updated to reflect changes in the credit ratings issued by Graydon.

UNC TPD V can be found [here](#):

Why

If this change is not made, then new Shippers will not be able to use Graydon for an independent assessment for obtaining credit. Existing Shippers will also not be able to use Graydon if their circumstances change.

How

The solution proposed populates the table with the new credit ratings now issued by Graydon.

Deleted: here: ¶

Deleted: <https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/page/2019-11/22%20TPD%20Section%20V%20-%20General.pdf...>

Field Code Changed

2 Governance

Justification for Self-Governance

Panel determined 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.

Although this Modification will have a positive effect on competition by making the Graydon rating fit for use again, the changes proposed will not affect those Shippers who currently use Graydon so the effect is not material. It is unlikely to discriminate between Shippers because it reinstates Graydon as a useable option for independent assessment.

Modification 0713 will therefore follow self-governance procedures.

Following discussion, firstly as a pre-modification, and subsequently in a proposal specific workgroup, participants present agree that the proposal should be subject to self-governance.

Requested Next Steps

This modification should:

- be considered a non-material change and subject to self-governance

The suggested consultation period could be reduced to 10 Business Days from the standard 15 Business Days because this Modification is not expected to impact any Shippers that use Graydon's ratings. Should any issues be raised at workgroup Panel can consider consulting for the standard 15 Business Days.

Formatted: Justified

Formatted: Justified, Indent: First line: 1 cm, Tab stops: 1.75 cm, Left

Deleted:

Deleted:

Deleted:

Formatted: Justified

3 Why Change?

Graydon have changed their methodology for producing credit ratings and have introduced a new table of ratings. These ratings are 'alpha' ratings as opposed to the previous 'alpha numeric' ratings. This means that the Uniform Network Code needs to be amended to replace the old ratings with the new ratings.

The Proposer is also making a small minor change to the wording on Dunn and Bradstreet scoring for the lower ratings to improve clarity. This change is being made because the current wording referring to a rating being below a certain letter does not really make sense in the context of an alpha-numeric system.

This will impact the small number of Shippers that use Graydon for independent assessment. If this change is not made the option of using Graydon for independent assessment will not be available and will limit the options for Shippers to two agencies.

Formatted: Justified

4 Code Specific Matters

Reference Documents

[UNC Transportation Principal Document, Section V](#)

Knowledge/Skills

Familiarity with Code credit arrangements.

Formatted: Heading 4, Space Before: 12 pt

Deleted: ¶

[UNC Transportation Principal Document \(TPD\) V3](#)

Field Code Changed

Deleted: <https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/page/2019-11/22%20TPD%20Section%20V%20-%20General.pdf...>

5 Solution

Amend text in TPD V 3.1.7 as shown below.

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/ N2 Check Comprehensive Report	Experian Bronze, Silver or Gold Report	Graydons Level 1, Level 2 or Level 3 Report	
10	5A1	95-100	1A AAA	20
9	5A2/4A1	90-94	1B/2A AA	19
8	5A3/4A2/3A1	80-89	1C/2B/3A A	18
7	4A3/3A2/2A1	70-79	2C/3B/4A BBB	17

Rough Order of Magnitude (ROM) Assessment

This activity is managed by each transporters' credit risk management department and, as such, has no impact on central system. The CDSP has would not be involved in implementation and, consequently, no ROM is required.

Deleted: insert text here

7 Relevant Objectives

Impact of the modification on the 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.	Positive
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

[CONFIRM]

This Modification furthers the following relevant objectives:

(f), by replacing Graydon's out of date, scoring system with the new system, the approved range of credit scoring providers recognised by UNC will contain credit scoring systems consistent with those provided by the listed companies. Consistency across the market and the UNC aids administration.

(d), by restoring the third option for independent assessment of credit ratings for Shippers, thus providing the maximum credit availability advantages to all users, thereby enhancing the users opportunities to compete

Formatted: Font: 12 pt, Bold, Font color: Custom Color(RGB(0,133,118))

Formatted: Level 4, Space Before: 12 pt, Keep with next

Deleted:

Deleted:

Deleted: references

Deleted: to Graydon's credit rating with the current credit rating. It also furthers relevant objective ...

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

Text Commentary

The table is updated for the new Graydon ratings and a minor wording change for Dunn and Bradstreet.

Text

Replace the table in TPD V 3.1.7 with the table below

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/ N2 Check Comprehensive Report	Experian Bronze, Silver or Gold Report	Graydons Level 1, Level 2 or Level 3 Report	
10	5A1	95-100	AAA	20
9	5A2/4A1	90-94	AA	19
8	5A3/4A2/3A1	80-89	A	18
7	4A3/3A2/2A1	70-79	BBB	17
6	3A3/2A2/1A1	60-69	BB	16
5	2A3/1A2/A1	50-59	B	15
4	1A3/A2/B1	40-49	CCC	13 ^{1/3}
3	A3/B2/C1	30-39	CC	10
2	B3/C2/D1	20-29	C	6 ^{2/3}
1	C3/D2/E1	10-19	Not in use	3 ^{1/3}
0	E2 to Z inclusive	Below 10	D to Z inclusive	0

Deleted: ¶

Formatted: Font color: White

10 Recommendations

Workgroup's Recommendation to Panel

The Workgroup asks Panel to agree that ~~this~~ self-governance modification should proceed to consultation.

Formatted: Normal

Deleted: :¶
T