

CUSC Amendment Proposal Form	CAP: 119
<p>Title of Amendment Proposal:</p> <p>Clarification of, and correction to, the table of Users' Credit Allowances</p>	
<p>Description of the Proposed Amendment <i>(mandatory by proposer):</i></p> <p>It is proposed that the CUSC be amended to update the table for Users' Credit Allowances as a % of Unsecured Credit Cover. This would clarify the original table setting out all the long term ratings for each ratings agency in relation to the percentage of unsecured credit allowed, as introduced by CAP089/090/091. The original table lacks a degree of transparency as it groups the ratings strictly in accordance with the Basel II model and does not expressly set out all related ratings. In other words, instead of referring simply to AAA/AA, it is proposed that the table should explicitly also refer to AA+ and AA-. Also, the original table was found to contain an error on the Fitch rating, whereby a short term equivalent rating had been inserted alongside the long term ratings. Therefore it is proposed to replace the three references to B with BB+, BB and BB- respectively.</p> <p>This proposal will only clarify the table and does not represent any material change to the process introduced by CAP089/090/091.</p>	
<p>Description of Issue or Defect that Proposed Amendment seeks to Address <i>(mandatory by proposer):</i></p> <p>There is an error in original table and also a lack of clarity as to the exact percentages of unsecured credit that each individual rating agencies' ratings related to.</p>	
<p>Impact on the CUSC <i>(this should be given where possible):</i></p> <p>Amend table in Paragraph 1 of Appendix 1 of Section 3.</p>	
<p>Impact on Core Industry Documentation <i>(this should be given where possible):</i></p> <p>None.</p>	
<p>Impact on Computer Systems and Processes used by CUSC Parties <i>(this should be given where possible):</i></p> <p>None.</p>	
<p>Details of any Related Modifications to Other Industry Codes <i>(where known):</i></p> <p>None.</p>	
<p>Justification for Proposed Amendment with Reference to Applicable CUSC Objectives** <i>(mandatory by proposer):</i></p> <p>Introduction of the proposed table would ensure that the users are in no doubt to the percentage of unsecured credit that they are entitled to and hence would enable National Grid to more efficiently discharge its obligations under the Act and the Transmission Licence and fulfill its obligations to facilitate competition in the generation and supply of electricity.</p>	

Details of Proposer: Organisation's Name:	National Grid Electricity Transmission plc
Capacity in which the Amendment is being proposed: (i.e. CUSC Party, BSC Party or "energywatch")	CUSC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Paul Murphy National Grid Electricity Transmission plc 01926 656330 paul.murphy@uk.ngrid.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	Andrew Truswell National Grid Electricity Transmission plc 01926 655388 andrew.truswell@uk.ngrid.com
Attachments (Yes/No): Yes If Yes, Title and No. of pages of each Attachment: Legal Text (1 page)	

Notes:

1. Those wishing to propose an Amendment to the CUSC should do so by filling in this "Amendment Proposal Form" that is based on the provisions contained in Section 8.15 of the CUSC. The form seeks to ascertain details about the Amendment Proposal so that the Amendments Panel can determine more clearly whether the proposal should be considered by a Working Group or go straight to wider National Grid Consultation.
2. The Panel Secretary will check that the form has been completed, in accordance with the requirements of the CUSC, prior to submitting it to the Panel. If the Panel Secretary accepts the Amendment Proposal form as complete, then he will write back to the Proposer informing him of the reference number for the Amendment Proposal and the date on which the Proposal will be considered by the Panel. If, in the opinion of the Panel Secretary, the form fails to provide the information required in the CUSC, then he may reject the Proposal. The Panel Secretary will inform the Proposer of the rejection and report the matter to the Panel at their next meeting. The Panel can reverse the Panel Secretary's decision and if this happens the Panel Secretary will inform the Proposer.

The completed form should be returned to:

Lindsey Paradine
Panel Secretary
Commercial Frameworks
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick, CV34 6DA
Or via e-mail to: CUSC.Team@uk.ngrid.com

(Participants submitting this form by email will need to send a statement to the effect that the proposer acknowledges that on acceptance of the proposal for consideration by the Amendments Panel, a proposer which is not a CUSC Party shall grant a licence in accordance with Paragraph 8.15.7 of the CUSC. A Proposer that is a CUSC Party shall be deemed to have granted this Licence).

3. Applicable CUSC Objectives** - These are defined within the National Grid Company Transmission Licence under Section C10, paragraph 1. Reference should be made to this section when considering a proposed amendment.

CAP119 – Legal Text

NOTE: The following text is change marked against the 1 February 2006 CUSC baseline.

Amend table in Paragraph 1 of Appendix 1 of Section 3 as follows:

Approved Long Term Credit Rating			User's Allowed Credit as % of Unsecured Credit Cover
Standard & Poor's	Moody's	Fitch	
AAA/ AA <u>AA+</u> <u>AA</u> <u>AA-</u>	Aaa/ Aa2 <u>Aa1</u> <u>Aa2</u> <u>Aa3</u>	AAA/ AA <u>AA+</u> <u>AA</u> <u>AA-</u>	100
<u>A+</u> A <u>A-</u>	<u>A1</u> A2 <u>A3</u>	<u>A+</u> A <u>A-</u>	40
BBB+	Baa1	BBB+	20
BBB	Baa2	BBB	19
BBB-	Baa3	BBB-	18
BB+	Ba1	<u>BB+</u>	17
BB	Ba2	<u>BB</u>	16
BB-	Ba3	<u>BB-</u>	15