

# **CAP089/90**

# **Working Group Report**

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# Introduction

- Background
- Overview of Proposals
- Existing CUSC Provisions/Best Practice Guidelines
- Working Group Discussions
- Views of the Working Group

# Existing CUSC Provisions

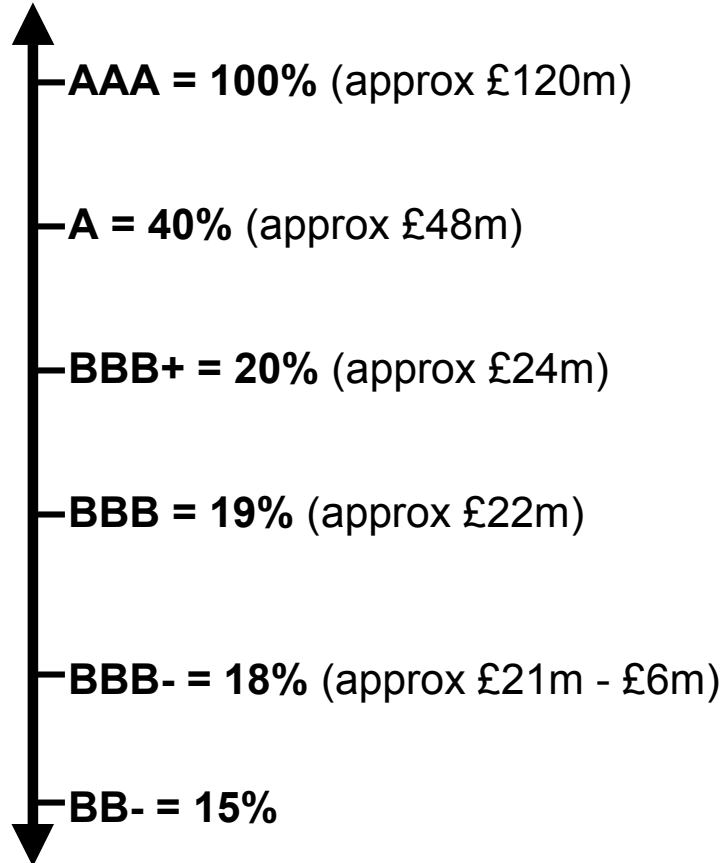
- Currently no concept in the CUSC of a maximum unsecured Credit Limit
- Have to provide 29 days of BSUoS (Gens)
- Have to provide 32 days BSUoS + 10% TNUoS (Suppliers)
- But only if below BBB-

# Overview of Original Proposals

- CAP089 – Proposed that Network Operators set a maximum Credit Limit base on 2% of Regulatory Asset Value
- CAP090 – Proposed that individual counterparty Credit Limits/Parent Guarantees/aggregates of both should be set using credit ratings applied under the “Basel 2” rules for determining bank capital adequacy.

# What This Means in Practice

Unsecured Credit  
Up to 2% of RAV



Below BB- = 0

Securing 29 days BSUoS (Gens)  
32 days BSUoS (Suppliers)  
10% of TNUoS

If credit Rating is below BB-, still need to secure the relevant BSUoS/TNUoS in full.  
- These proposals not relevant

If above BB-, entitled to % of unsecured credit

Must secure rest via Parent Guarantee etc

# Working Group Discussions

- Merger of CAP's 089/90
- Calculation of RAV
- Frequency of Monitoring of Users Allowed Credit Cover
- Definition of Approved Credit Rating
- Qualifying Guarantees

# Views of Working Group

- Majority of Working Group believed CAP089/90 better facilitated the Applicable Objectives
- All Working Group Members Agreed CAP089/90 ready to proceed to wider Consultation