

CMP228 ‘Definition of ‘Qualified Bank’’



CUSC Panel – 30 May 2014

Jade Clarke – Code Administrator

Background

- Raised by RWE on 18th February 2014.
- A number of credit and security provisions exist under the CUSC in respect to;
 - Termination Amounts
 - BSUoS Charges and TNUoS Demand Charges
 - Cancellation Charge Secured Amounts
- Some Users will be required to provide security to National Grid in form of a Letter of Credit or Performance Bond provided by a 'Qualified Bank'
- Definition of 'Qualified Bank' appears to preclude other financial institutions which could meet the CUSC requirements of providing security.

Proposed CUSC Modification

- CMP228 seeks to make changes to the definition of 'Qualified Bank' to include 'trade credit insurance company', thereby increasing the number of prospective providers of security available to Users.
- CUSC Panel determined that CMP228 should be considered as Self-Governance.
- Discussed at CUSC Panel meeting on 28th February 2014;
 - Amended change to 'insurance company' as the term 'trade credit insurance company' refers to a company that provides trade credit insurance, which is a separate product to a Performance Bond or Letter of Credit.

Code Administrator Consultation

- 4 responses received
 - All supportive of CMP228 and believe it better facilitates CUSC objective (b). All supportive of implementation approach.

National Grid Opinion

- National Grid supports the implementation of CMP228 as it better facilitates Applicable CUSC Objective (b). In National Grids view this modification has the potential to reduce the cost of providing security faced by those parties that do not meet the required credit rating by increasing the number of potential security providers.

Questions before Panel Vote?



Panel Determination Vote

- (a) The efficient discharge by the licensee of the obligations imposed upon it under the Act and the Transmission Licence.
- (b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity
- (c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

Implementation

- Appeal Window Commences **30 May 2014**
- Appeal Window Closes **20th June 2014**
- Pending any appeals, CMP217 to be implemented 10 working days later on **7th July 2014**