

CMP197 Workgroup Report



CUSC Modifications Panel, 26 August 2011
Paul Jones CMP197 Workgroup Chair

CMP197 – Introduction

- Qualifying Guarantee is one way by which Security Cover is provided by Parties to cover liabilities to pay BSUoS and Demand TNUoS
- Qualifying Guarantees can only be provided by entities with an Approved Credit Rating
- The size of Qualifying Guarantee which can be provided is equal to the amount of Allowed Credit (effectively a free credit allowance) which would be provided to that company were it a CUSC Party

Security Cover



Allowed Credit

- Max Allowed Credit - 2% National Grid's RAV

- Routes for acquiring Allowed Credit:
 1. Approved Credit Rating – 0.3% to 2% RAV
 2. Independent Credit Assessment – 0.067% to 0.4% RAV
 3. Payment History (new parties) – 0.008% to 0.04% RAV

CMP197 Defect

- Qualifying Guarantee can only provided by company with an Approved Credit Rating
- Other companies which would qualify for Allowed Credit under other options are not able to provide a Qualifying Guarantee
- Restricts the number of companies providing Qualifying Guarantees which limits the options open to Parties

CMP197 Solution

- Companies which do/would have qualified for Approved Credit under the Independent Credit Assessment route can also provide a Qualifying Guarantee
- If company is not a CUSC Party, the total amount of Qualifying Guarantees provided cannot exceed the Approved Credit it would have had been allocated
- If the company is a CUSC Party, the total amount of Qualifying Guarantees provided, plus any cover relied on by that company, cannot exceed its Approved Credit

Workgroup Consultation

- 4 responses received
- 3 supported CMP197
- 1 did not

Workgroup Conclusions and Vote

- Workgroup has met the terms of reference
- 5 Workgroup members eligible to vote
- Majority (4/1) view that CMP197 better facilitates Applicable CUSC Objectives overall
- Implementation 10 Working Days after Authority Decision

CMP197 conclusions

- Panel invited to:
 - AGREE Workgroup has completed terms of reference
 - ACCEPT Workgroup Report
 - AGREE progression of CMP197 to Code Administrator Consultation