

# **Presentation on Security Cover For Uniform Network Code Charges**

Michelle Simpson  
Credit Risk Manager  
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# Transco Security Requirements – IDN Sale

Hivedown Assumption 1/5/05

March/April Service  
covered (63 days)

Beneficiary: Transco plc (Transmission/  
Distribution)

May/June Service  
covered (63 days)

Beneficiary: Transco plc (Transmission/  
Distribution)

IDN 1 )

IDN 2 ) Distribution

IDN 3 )

IDN 4 )

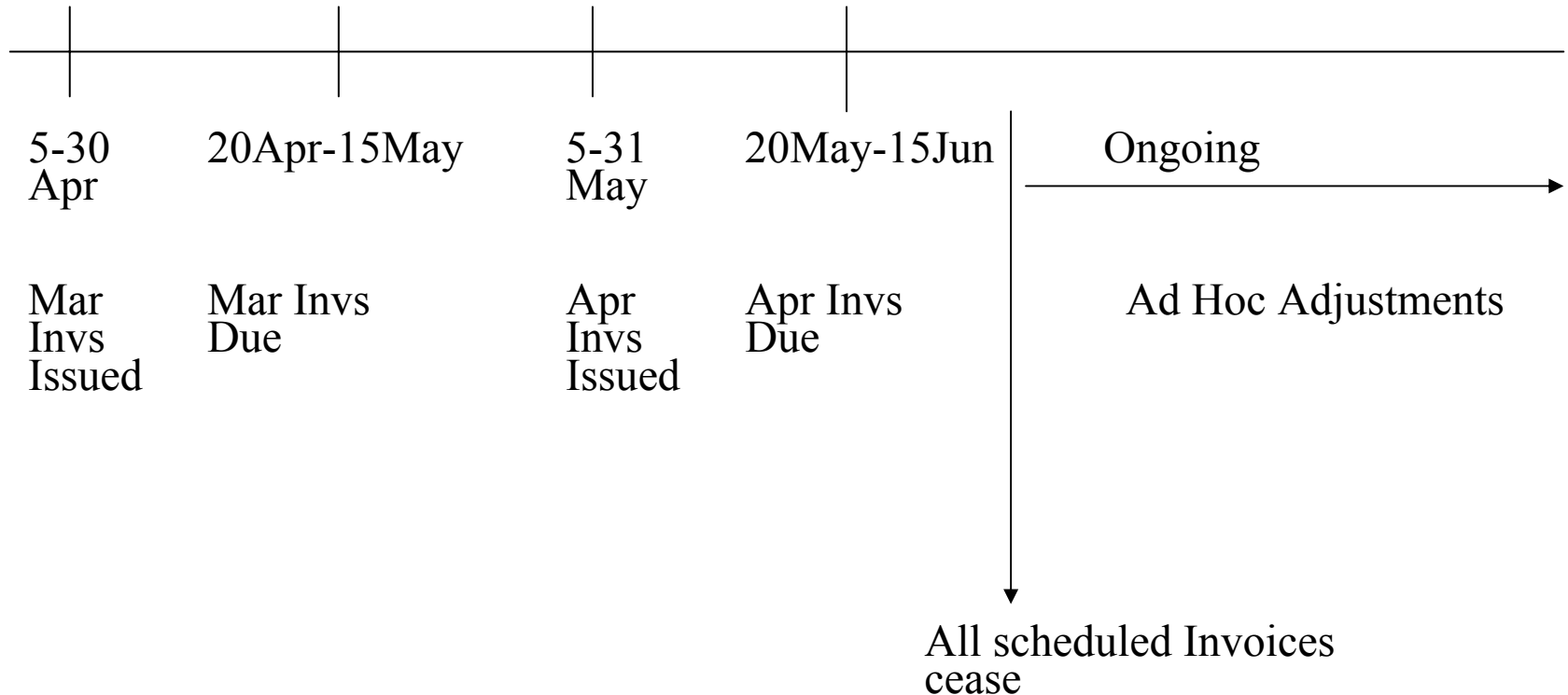


Network Code



Uniform Network Code

## Network Code Invoicing Timeline



## **Security Requirements**

1. Network Code security continues to be in place until end June 2005. (minimum requirement)
2. A residual Network Code security would be required for remaining adjustment items.
3. Security for UNC must be in place by 01/05/05. 5 separate security documents will be needed (1 per co.registration no.)
4. Transco is prepared to accept a joint security to cover all Network Code charges and Uniform Network Code exposures (Retained Networks only)
5. Further Transco total security review could take place in July 2005.
6. Alternatively, Users could elect to keep separate securities for UNC and Network Code obligations and review Network Code security in July 2005.

## Example 1 – Contractual Requirement

Hivedown 01/05/05

Network Code

63 days service  
£2m



Covers  
March/April Service



Security required  
£2m

Uniform Network Code  
(Retained)

63 days service  
£1m



Covers  
May/June Service



Security required  
£1m

Total Security  
to Transco  
£3m

## Example 2 – Transco's Requirement

Hivedown 01/05/05

### Network Code

Cover April service only as majority March Invoices will be paid before 01/05/05

$£2m \times 50\% = £1m$

Security Required  
£1m

### Uniform Network Code (Retained)

63 days service  
£1m

Covers May/June service

Security Required  
£1m

Total Security  
to Transco  
£2m

Review  
July 2005

### Example 3 – Not Workable

Hivedown 01/05/05

Accrued Position  
Day One over Credit Limit-April  
Invoices not due until 20May-15Jun  
£1m exposure

#### Network Code

Ap 1 Service Covered as  
part of UNC Credit Limit



Security Required  
Nil

#### Uniform Network Code (Retained)

63 days Service  
£1m



Covers May/June Service



Security Required  
£1m

Total Security  
to Transco  
£1m