

DCUSA Issues Form (DIF)

This form should be used by parties to submit matters for consideration to DCUSA Standing Issues Group (SIG). The completed form should be issued to DCUSA@electralink.co.uk

Document Control	
Date Submitted	22 March 2017
Issue Title:	Letters Of Credit and Bank Credit Ratings
Issue Number*:	DIF 51
Meeting Ref*:	31 March 2017
Attachments:	Supporting Paper

**Assigned by DCUSA Secretariat*

Originator Details	
Party Name	DCUSA Panel
Originator Name	
Party Category	
E-mail Address	
Telephone Number	

Nature of Issue
<p>BEIS and Banks have raised a concern that Schedule 1 of DCUSA currently requires any bank that issues a Letter of Credit, to support credit cover, to have a credit rating of A or above from Moody's or Standard & Poor's.</p> <p>Schedule 1 of DCUSA was originally based on Ofgem's best practice guidelines for credit cover, which were published in February 2005;</p> <p>https://www.ofgem.gov.uk/publications-and-updates/best-practice-guidelines-gas-and-electricity-network-operator-credit-cover-conclusions-document</p> <p>Since that time, the global banking sector has undergone a number of changes, including the "financial crisis", which have resulted in banks having a lower rating.</p> <p>This means that the market place for DCUSA parties to procure (and indeed for banks to provide) Letters of Credit is restricted.</p> <p>The SIG is asked to consider the impact on Suppliers and whether changes are required to Schedule 1 with regard to the rating of banks issuing Letters of Credit.</p>

Solution Overview – If Known	
Solution Description	Amend Schedule 1 as appropriate
Lead Time For Implementation	To be in place within 6 months