

---

DRAFT STATUTORY INSTRUMENTS

---

**2023 No.**

The Nuclear Regulated Asset Base Model  
(Revenue Collection) Regulations 2023

PART 2

Supplier obligation

CHAPTER 7

Collateral

**Appropriate letters of credit**

- 20.**—(1) For the purposes of regulation 19, a letter of credit is appropriate if—
- (a) it is issued by a person who holds a required rating; and
  - (b) it is provided on terms which the revenue collection counterparty considers are appropriate.
- (2) The terms which the revenue collection counterparty may consider are appropriate under paragraph (1)(b) include terms relating to—
- (a) the manner in which any demand for payment under a letter of credit is to be made;
  - (b) the manner in which any payment under a letter of credit is to be made; and
  - (c) requirements about the holding of funds to meet demands for payment under a letter of credit.
- (3) Where an electricity supplier has provided the revenue collection counterparty with a letter of credit issued by a person who ceases to hold a required rating that letter will not constitute an appropriate letter of credit from the 10th working day after the day on which that person ceases to hold that rating.
- (4) Subject to paragraph (5), a person holds a required rating if that person has been assessed by—
- (a) Fitch Ratings as having a short term debt rating of “F1” or better;
  - (b) Moody’s as having a short term debt rating of “P-1” or better; or
  - (c) Standard and Poor’s as having a short term debt rating of “A-1” or better.
- (5) Where the revenue collection counterparty is of the opinion that the requirement that appropriate letters of credit must be issued by persons holding a short term debt rating mentioned in paragraph (4)(a) to (c) is too onerous in the circumstances, and subject to having regard to its duty under regulation 28(1), it may issue a notice to BM registered electricity suppliers specifying alternative short term debt ratings, and that notice shall remain in force until such time as it is withdrawn.
- (6) In paragraph (5), “BM registered electricity suppliers” means electricity suppliers who have a BM Unit registered as at the day before the date the notice is issued.

(7) The revenue collection counterparty may withdraw a notice under paragraph (5) (“the first notice”) by issuing a further notice (“the withdrawal notice”) to electricity suppliers who were sent the first notice setting out the date from which the first notice is to be withdrawn (that date being no earlier than 10 working days after the day on which the withdrawal notice is issued).

(8) The revenue collection counterparty must, before the first revenue collection contract is entered into, publish a document setting out the terms of letters of credit which it is likely to regard as appropriate for the purposes of paragraph (1)(b), and must keep any such document under review and publish any revision from time to time.

(9) In this regulation—

“Fitch Ratings” means Fitch Ratings Limited (registered company number 01316230);

“Moody’s” means the corporation known as Moody’s Investors Service Inc., incorporated in the US State of Delaware with the file number 0577904;

“Standard and Poor’s” means the corporation known as Standard & Poor’s Financial Services LLC, incorporated in the US State of Delaware with the file number 4621989.