

Energy Balancing Credit Committee Meeting
Tuesday 17 February 2009
Teleconference

Attendees

Lorna Dupont (Chair)	LD	Joint Office
Helen Cuin (Secretary)	HC	Joint Office
David Trevallion	DT	Scottish and Southern Energy
Gavin Ferguson	GF	Centrica (voting member)
Ed McDonald	EM	Scottish Power (voting member)
Richard Fairholme	RF	E.ON (voting member)
Julie McNay	JM	Scottish and Southern Energy (voting member)
Simon Howe	SH	RWE (voting member)
Mark Cockayne	MC	xoserve
Claire Thorneywork	CT	National Grid Transmission
Sandra Dworkin	SD	xoserve

1. Introduction

The members were welcomed to the meeting, which was quorate.

2. Operational Update

MC provided an Operational update. The EBCC Pack was issued on 13 February 2009 and made available on the Joint Office website.

Cash Call Notices:

During January 2009, there were seventeen Cash Call Notices (CCN) issued. All seventeen were paid on the due date. There were no Failure to Pay Cash Call Notices.

Security Renewals:

Seven Further Security Requests were issued during January 2009.

Late Paid Interest:

No issues.

Cash collection Year to date:

MC notified a potential error reporting on an incorrect period. He confirmed that xoserve will review the information and provide a revised report to the Joint Office for publication.

(Post Meeting Note: xoserve confirmed that the 12 month rolling cash collection figure is 98.78% for January 2009)

Action EBC 05/02: Provide a revised Operational report to the Joint Office for publication.

3. Discussion of proposed revisions to Modification Proposal 0233: "Changes to Outstanding Energy Balancing Indebtedness Calculation"

MC reported that discussions had taken place and explained that there had been many practical issues. MC confirmed that a system solution was not viable or practical as the problem was accommodating an event trigger to use alternative/revised information.

It was suggested that a change of a party's circumstances identifiable from public information or advice from the party itself could be recognised as a trigger. This could then be used to consider the most appropriate information/data available. Protection would be provided to allow the User to appeal the information being used. GF referred back to the issues experienced with a small Shipper, whereby 'closer time' information was available and, had circumstances permitted, could have been drawn upon by the EBCC.

It was agreed that the intent of the proposal was for the EBCC to be given access to wider parameters of information and allow Cash Calls to be created earlier.

CT confirmed that the main issue was one of communication, creating earlier opportunities/obligations for formal dialogue with a User to allow the EBCC to make a more informed judgement.

Responding to CT's question on making it more explicit, MC confirmed that Section X.1.2.4 related to National Grid's existing ability to effect a consultation with the EBCC; there was no need to be more explicit about the role of EBCC.

CT pointed out that the Draft Business Rules for Section X section d (i) needed to be reworded, and that this would be reviewed.

CT referred to (cc) (i) and (ii): daily trade allocation closeout at D+1 or; exit allocations closeout at D+%, and believed that these were the only two relevant pieces of data to be applied. National Grid NTS would only apply data on the instruction of EBCC to be able to create a default event.

MC confirmed that the application of the data to create a default event is currently prevented.

SH pointed out that in the case of Lehman Brothers there was no public information on the Shipper side of business. GF confirmed that public information had indicated that there was an issue. It was agreed that the EBCC should be able to use the public information as a trigger instead of the short term indebtedness.

CT explained that producing a Cash Call notice obligates the receiving party to communicate; the ability to use other triggers would reduce the current problem of lack of or no communication. There was a short discussion of the specific circumstances relating to a particular small Shipper and how the Cash Call notice could have allowed the supply of more information.

CT explained the use of 'closed out' data; she believed it would be inappropriate for National Grid to apply information that was not closed out, as well as potentially causing further problems. CT acknowledged the use of the term 'closed out' was not a defined term under the UNC and was to be considered further with the legal team.

GF believed the issue to be one of having the formalised opportunity to use better existing (real time or actual) data if that was the more appropriate instead of the current formula.

JM agreed with allowing the use of more up to date information and providing a route for the EBCC to request examination of more information; she believed this could help the EBCC in its decision making. The rules make it clear that information can be provided to help the EBCC make a decision.

This was certainly an improvement that would give the User a clearer and more proactive route into the EBCC and xoserve, to get extra information looked at; conversely it was noted that if a User did not make use of this 'more open' route it could be assumed that the User may therefore be in a situation that should give cause for concern.

All parties present were happy with the proposed business rules. CT acknowledged that some further amendments were required, and she was also aware of a need to vary the modification.

SH welcomed the suggestion that the rules should be provided as Suggested Text with the redrafted proposal.

CT suggested that the proposed variation be discussed at the next Transmission Workstream before a variation request is submitted to the UNC Modification Panel Meeting.

GF as Proposer agreed that the variation request should be submitted to the March Panel Meeting. All parties agreed that a varied Proposal including Suggested Text should be presented at the next Transmission Workstream on 05 March 2009, before the Variation Request and Varied Modification Proposal are submitted to Panel.

CT agreed to assist with producing the variation.

Action EBC 06/02: Redraft the Proposal including the business rules as Suggested Text and produce a variation request.

4. Any Other Business

None.

5. Date of next meeting

The next meeting will be held via teleconference at 10:30 on Friday 20 March 2009.

Action Log – Energy Balancing Credit Committee: 17 February 2009

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
EBC 11/03	21/11/08	7	Draft a Modification Proposal to address the identified exposure from Users who are traders at the NBP.	xoserve (MC)	To follow decision on recent UNC Proposals Carried Forward
EBC 01/02	06/02/09	3	Report on developments from the BSC/UNC comparison working group.	E.ON (RF)	Carried Forward
EBC 02/02	06/02/09	5	xoserve to circulate by email a final draft of the Energy Balancing Rules for EBCC members' approval. Members to respond by return.	xoserve (MC) and Members	Carried Forward
EBC 03/02	06/02/09	5	xoserve to investigate the possibility of providing and/or publishing on its website a list of 'acceptable' financial institutions together with a percentage figure for headroom.	xoserve (MC)	Carried Forward
EBC 04/02	06/02/09	5	Revise the rules to include an obligation on Users to provide a minimum level of security.	xoserve (MC)	Carried Forward
EBC 05/02	17/02/09	2	Provide a revised Operational report to the Joint Office for publication.	xoserve (MC)	
EBC 06/02	17/02/09	3	Redraft the Proposal including the business rules as Suggested Text and produce a variation request.	Centrica (GF) & National Grid NTS (CT) & xoserve (MC)	