

Energy Balancing Credit Committee Minutes
Monday 19 December 2011
By Teleconference

Participants

Joint Office (Non voting)
Bob Fletcher (BF) Chair

Shippers (Voting)
David Holland (DH)
David Trevallion (DT)
Gavin Ferguson (GF)
Jonathan Wisdom (JW)

Xoserve (Non voting)
Mark Cockayne (MC)
Lorraine O'Shaughnessy (LO)
Linda Scott (LS)

Observer

Ofgem (Non voting)

Apologies
Richard Fairholme
Tabish Khan

1. Introduction

BF welcomed the members to the meeting, which was quorate.

2. Minutes and Actions from the Previous Meeting

2.1 Minutes

The minutes from previous meeting were approved.

2.2 Actions

EBC 02/01: MC to advise on River Barle's (RB) response following their customer interface meeting later in the year.

Update: MC advised no further issues to report. A new Action is to be raised to monitor River Barle's performance. **Closed**

New Action EBC 12/01: Xoserve to monitor River Barle's performance on an ongoing basis and report to the EBCC if there is any significant change.

EBC 11/01: Members to consider the proposal and provide feedback to National Grid NTS

Update: Members advised that they had responded to National Grid NTS. **Closed**

EBC 11/02: Arrange to meet with Ofgem to provide evidence of the impacts these changes could bring and consider possible options to

make the process work, including information from previous Gas Balancing alerts.

Update: See item 5.0. **Completed**

EBC 11/03: Members to provide their availability over Christmas, including whom their alternates are in their absence.

Update: LO confirmed that members had provided their availability. **Completed**

EBC 11/04: Provide new values of allowable credit by lower rated banks (based on A+ and above analysis carried out recently).

Update: LO confirmed that the credit rules had been amended in line with the proposal and these were approved by the EBCC and published on 07 December 2011. **Completed**

3. Operational Update

LO provided the following Operational update for November 2011.

3.1 Cash Call Notices

During November there were 12 Cash Call Notices issued, 6 were paid, 6 were appealed, 1 was revised and 5 withdrawn.

Further Security Requests (FSRs)

3 Further Security Requests (FSR) were issued during November 2011.

3.2 Settlement:

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
October 2011	99.47%	100%
November 2011	99.97%	100%
Rolling 12 Months	99.81%	100%

LO advised a number of Energy Balancing Failure to pay notices have been issued in December and there will a slight decrease in cash collected performance for next month. This is primarily due to the high value of one invoice in particular – this was paid the following day. Appropriate action had been taken to collect the outstanding balance but the User on this occasion had processed the payment on the wrong day.

DT requested a review of the Summary Page, as two values information to remove one of the <£1,000,000 values. LO will review and update accordingly.

LO asked members if they would support an additional report to include

bank ratings and in particular those on watch negative. Members agreed this would be a useful view and be beneficial for Users as an aid. MC was concerned that the current process is reactionary rather than proactive and suggested that a moratorium was put in place to effectively extend the notice period given (currently 30 days) where any Bank is downgraded below the A category but is still effectively investment grade rated to allow them 3 months to make alternative arrangements, if they are having difficulties finding a replacement. DT felt this was a good idea and it would be a useful tool for Users to be protected should bank ratings be reduced. JW agreed in principle but it would be useful to review the position in the Spring to consider a more enduring solution. LO confirmed that the Energy Balancing Credit Rules will not be updated to reflect this and will be purely an operational process change during the winter period. DT also suggested that we review those below investment grade BBB to discuss an appropriate Aggregate Limit.

LS advised that a number of Users now have to use multiple banks due to decreases in allowable headroom, to achieve their credit requirements.

New Action EBC 12/02: LO to provide an update on Bank ratings and performances

4. Modifications

4.1 Alternative to UNC 0233V - Changes to Outstanding Energy Balancing Indebtedness Calculation

LO advised the modification is on hold pending the outcome of the SCR.

5. Significant Code Review Update

MC advised that he had recently attended a workshop held by Ofgem. A review has been undertaken on previous gas balancing alerts and the possible impacts of the £20 proposal – evidence suggests that where 3 shippers were cash called in the previous alert, this would have increased to 6 using the £20 value – this was not considered to be a significant increase.

6. Amendments to the Energy Balancing Rules

The rules have been amended as approved by the EBCC on 07 December 2011.

7. Any Other Business

7.1 Lehman's Commodity Services

MC recapped the current position with Lehmans, which is to accept

the 10% discount on the claim to get the claim certified. The claim values now \$15,874,398.73 following the discount. A termination agreement is being drafted by Skaddens for review by National Grid legal. Once the agreement is approved, the claim will be issued to the market once the values and prices and been verified. GF asked what will happen once the quotes are returned. MC advised that a meeting will be arranged to discuss the quotations and the next steps. MC advised that LO will issue a copy of the slides to provide a summary of current position.

8. Date of Next Meeting

The next planned EBCC meeting is as follows:

Friday 27 January 2012 commencing at 10.30 by teleconference.

Action Log – Energy Balancing Credit Committee

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
EBC 02/01	25/02/11	2.2	Provide River Barle's response following their customer interface meeting later in the year.	Xoserve (MC)	Closed
EBC 11/01	25/11/11	5.0	Members to consider the proposal and provide feedback to National Grid NTS.	All	Closed
EBC 11/02	25/11/11	5.0	Arrange to meet with Ofgem to provide evidence of the impacts these changes could bring and consider possible options to make the process work, including information from previous Gas Balancing alerts.	MC	Closed
EBC 11/03	25/11/11	6.0	Members to provide their availability over Christmas, including whom their alternates are in their absence.	All	Closed
EBC 11/04	25/11/11	7.2	Provide new values of allowable credit by lower rated banks (based on A+ and above analysis carried out recently)	MC	Closed
EBC 12/01	19/12/11	2.0	Monitor River Barle's performance on an ongoing basis and report to the EBCC	MC/LO	Pending
EBC 12/02	19/12/11	3.2	Provide an update on Bank ratings and performances	LO	Pending