

Energy Balancing Credit Committee Minutes
Friday 27 January 2012
By Teleconference

Participants

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

Shippers (Voting)
David Trevallion (DT)
Gavin Ferguson (GF)
Richard Fairholme (RF)

Xoserve (Non voting)
Lorraine O'Shaughnessy (LO)
Zar Suleman (ZS)

Observers
None

Ofgem (Non voting)

Apologies
David Holland
Mark Cockayne
Jon Costa
Jon Wisdom
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 12/01: Xoserve to monitor River Barle's performance on an ongoing basis and report to the EBCC if there is any significant change.

Update: LO advised there had no significant change to report. **Carried Forward**

EBC 12/02: Provide an update on Bank ratings and performances.

Update: LO advised that as reported at the previous meeting, Barclays had been downgraded and 14 Users were impacted, though most were able to provide the credit required by using other alternative Financial Institutions.. Credit Agricole Corporate & Investment and Societe Generale were recently impacted as a result of France's downgrade.

However, due to the EBCC's decision in December to amend the Energy Balancing Credit Rules, no Users were impacted – this can be seen as a proactive action of the EBCC and monitoring processes put in place by Xoserve. LO confirmed bank ratings were being monitored daily. GF asked if there is sufficient headroom available across all the banks for Users to access. LO confirmed that sufficient headroom is available, though the situation is dynamic and changes on a regular basis. LO advised that some Users have taken the opportunity to review their credit provisions and rationalise where possible.

Carried Forward

3. Operational Update

LO provided the following Operational update for December 2011.

3.1 Cash Call Notices

During December there were 24 Cash Call Notices issued, 20 were paid, 4 were appealed and 4 withdrawn.

Further Security Requests (FSRs)

6 Further Security Requests (FSR) were issued during December 2012 and paid on payment due date.

3.2 Settlement:

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
November 2011	99.97%	100%
December 2011	95.35%	100%
Rolling 12 Months	99.26%	100%

LO advised that 4 failure to pay notices were issued, 2 of which had significant values. All Users were contacted and appropriate action taken, one User could not access their CVA data and the other was as a result of technical issues that were not resolved quickly enough.

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

LO advised that MC had attended an SCR workshop recently which had discussed two scenarios for payments of compensation following an emergency event. The first was based on a near time solution for payments i.e. within 5 days and the second on a longer time solution i.e. after several months. LO advised that the group MC had been with were in favour of the near time solution though no conclusions were drawn from the discussions.

LO reminded members that comments were due on the SCR consultation by 31 January 2012.

LO advised that Xoserve intend to review the impacts of the £20 per therm compensation vales in more detail and over a longer time frame to get a better understanding of the potential exposure and impacts. The date of the next SCR workshop is 14 February 2012.

6. Any Other Business

6.1 Lehman's Commodity Services

LO advised that a court order is being processed in the US to reduce and allow claim for the discounted amount.. Hearing to be held on 22nd February 2012. Xoserve are working with NG Legal and Skaddens to finalise a Termination Agreement in conjunction with the Court Order to aide in selling the claim.

Carried Forward: MC to provide update at next meeting following hearing.

7. Date of Next Meeting

The next planned EBCC meetings are as follows:

Friday 24 February 2012, commencing at 10.30 by teleconference.

Friday 23 March 2012, commencing at 10.30 by teleconference.

Friday 27 April 2012, commencing at 10.30 to be held at 31 Homer Road, Solihull.

Action Log – Energy Balancing Credit Committee

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
EBC 12/01	19/12/11	2.0	Monitor River Barle's performance on an ongoing basis and report to the EBCC	MC/LO	Carried Forward
EBC 12/02	19/12/11	3.2	Provide an update on Bank ratings and performances	LO	Carried Forward