

Energy Balancing Credit Committee Minutes
Monday 30 March 2015
By Teleconference

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office	Non-Voting
Gemma Truran	(GT)	Shipper	Voting
James Hill	(JH)	Shipper	Voting
Richard Fairholme	(RF)	Shipper	Voting
Sharon Farby	(SF)	Shipper	<i>Voting</i>
Mark Cockayne	(MC)	Xoserve	Non-Voting
Sandra Dworkin	(SD)	Xoserve	Non-Voting

Apologies

Pauline Babb (PB)

1. Introduction

BF welcomed the members to the meeting, which was quorate. The minutes of the last meeting were approved.

2. Minutes and Actions

EBC 0402: Xoserve to write out to all Users with a forecast of Security Values calculated at £14 a therm based on Users peak exposures for previous 12 months.

Update: MC advised that the initial calculations have been reviewed to try and identify a more realistic approach. Xoserve had been working closely with their analytical services team and it was apparent that it is extremely difficult to predict because of the variables involved. Xoserve concluded that the priority is to ensure that User's were aware of SCR and particularly the implications within the energy balancing regime. Users are likely to be better informed than Xoserve can anticipate on their behalf. Therefore Xoserve have written to Users asking what provisions they have made. This has generated a number of responses from Users and Traders and Xoserve are providing support where possible.

Closed.

Action EBC 1102: Clarify the process for the appointment of alternates by the emergency EBCC chair.

Update: MC advised that he intends to review the EBCR and the process for alternates being nominated by an emergency meeting chair. Additional drafting is to be provided in time for the next meeting.

Carried Forward

Action EBC 1102b: Identify options for extending or enhancing EBCC membership. Include reviewing other UNC and non UNC committees/groups for ideas to expand membership.

Update: MC requested that this action is carried forward as a number of avenues are being explored and they are likely to require a modification to implement any amended approach.

Carried Forward

3. Operational Update

SD provided the following Operational update for February 2015.

3.1 Cash Call Notices

During February 2015 there were four Cash Call Notice issued, which two were paid and two were appealed and withdrawn.

3.2 Further Security Requests (FSRs)

There was one FSRs issued during February 2015.

3.3 Settlement

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
January 2015	100%	100%
February 2015	99.99%	100%
Rolling 12 Months	99.63%	100%

There was one Failure to Pay Notice issued during February 2015.

4. Modifications

Modification 0521 - Revision of User Admission Criteria to include Transporter verification of its ability to transact with the Applicant User

MC advised that a teleconference has been arranged with Ofgem and National Grid to discuss a number of issues with the modification. Ofgem have indicated that they are minded to reject the modification due to the scope although they may send it back to Panel requesting further analysis.

MC advised that HSBC are willing to trade with the User impacted by this

modification and treasury are setting up a number of accounts to facilitate this process. It takes about 4 months to complete setting up the accounts from the initial request. National Grid Treasury has advised the accounts should be active within 6 to 8 weeks. This creates a number of operational issues including whether accounts can be pooled across different banks. If not funds may need to be drawn from the neutrality account. MC advised that he believed the process to be manageable with one User however full consideration still needed to be given to systems impacted. MC went on to advise that this could be a significant issue if a number of Users were to make similar requests. Investigations were ongoing to identify a system to manage bank accounts, which is agnostic. MC asked Members if they used or were aware of a system that could be used this way.

MC advised that Barclays have confirmed that they have no actions outstanding against the other organisation which created a similar problem and they have now confirmed they are willing to transact.

New Action EBC 0301: Members were requested to advise if they use or were aware of a product/system for pooling accounts across banks.

Members asked for clarification regarding the system requirements.

5. Significant Code Review (SCR) Update – Security of Supply

MC advised that system-testing ends 09 April/May with implementation likely to be June in readiness for 01 October. New charge types are being prepared and will be issued to UK Link Committee to seek representations from parties.

6. Bank Ratings Review

There is still concern that Barclays Bank plc and a number of other banks will get downgraded in future. This has resulted from the implementation of new legislation effective from January 2015 - Bank Resolution and Recovery Directive which establishes rules to ensure banks have sufficient security to cover their outstanding risks, this has impacted Barclays, Deutsche Bank, HSBC, Lloyds and Santander which have been put on negative watch by Standard & Poors.

MC advised that treasury were concerned about the exposure with Barclays and that it was becoming desirable to consider spreading the risk across a number of organisations/banks. It would also provide a message to Barclays about their unilateral actions against organisations which ties National Grid's hand is seeking a User's termination.

As explained earlier, there may be an option to pool accounts across a number of organisations and spread the risk. Work is on going to see how accounts would be operated across a number of accounts.

7. Any Other Business

a) Voluntary Discontinuances

None

b) Termination

MC advised that an organisation was terminated during the previous month following an emergency meeting. The notices were issued on Monday 23 March and the close down procedure is being followed. There were no outstanding energy balancing exposures and no impacts on neutrality. MC advised that any energy balancing securities would be released once the account is closed down.

c) Neutrality Finance Accounts

Work is ongoing to close down historic Neutrality Finance accounts and that this should generate a credit to the industry. This should offset against the aggregate value of Modification 0640 "threshold crossers" invoices due this month (March 2015).

MC asked members to note that a final Modification 0640 adjustment is likely to be carried out around November 2015 follow the change in the Settlement regime and implementation of Project Nexus systems.

8. Date of Next Meeting

EBCC meetings scheduled as follows:

Date	Location
Wednesday 30 April 2015,10:30	31 Homer Road, Solihull B91 3LT
Tuesday 26 May 2015,10:30	Via teleconference
Monday 22 June 2015,10:30	Via teleconference
Monday 20 July 2015,10:30	Via teleconference
<i>[Monday 24 August 2015,10:30]</i>	Via teleconference
Monday 21 September 2015,10:30	Via teleconference
Monday 19 October 2015,10:30	Via teleconference
Monday 23 November	Via teleconference

2015,10:30	
Monday 21 December 2015,10:30	Via teleconference

Action Log – Energy Balancing Credit Committee

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
EBC 0402	30/04/14	5.1	Xoserve to write out to all Users with a forecast of Security Values calculated at £14 a therm based on Users peak exposures for previous 12 months.	Xoserve (MC)	Closed
EBC 1102	24/11/14	2.0	Clarify the process for the appointment of alternates by the emergency EBCC chair.	Xoserve (MC)	Carried Forward
EBC 1102b	26/01/15	2.0	Identify options for extending or enhancing EBCC membership. Include reviewing other UNC and non UNC committees/groups for ideas to expand membership.	JO/Xoserve (BF/MC/SD)	Carried Forward
EBC 0301	30/03/15	4.0	Members were requested to advise if they use or were aware of a product/system for pooling accounts across banks.	All	Carried Forward