

**ENERGY BALANCING CREDIT COMMITTEE MEETING
16 June 2006**

Participants

Joint Office Chair (Non voting)

Julian Majdanski

xoserve (Non voting)

Jayne Deasley

Ofgem

Richard Hall

Shippers

Dave Roberts

Julie McNay

Lee Selway

Gary Russell

Stacey Elliot-Smith

BGT

SSE

EdF Energy

Corona

Statoil

Apologies

Christiane Sykes

Gavin Ferguson

Johanna Fitzgerald

EON UK

Accord

RWE

Introduction

Julian Majdanski welcomed members to the meeting, which was quorate.

Minutes from the Previous Meetings

The minutes from the previous meeting were reviewed and the following amendment from Bryony Sheldon (Ofgem) was noted.

Update on this winter's Terminations - Utilita Gas Shipping Limited

“The granting of a Winding-up petition against Utilita Gas Shipping would constitute grounds for revocation of the Shippers Licence by Ofgem, however this would not enable Ofgem to appoint a Supplier of Last Resort.”

Members requested the current Ofgem representative (RH) to investigate why this is the case.

The following represents May's Operational update:

Jayne Deasley provided the following Operational update:

EBCC Pack issued 7/06/2006.

Cash Call Notices:

During May 2006, 6 Cash Call Notices (CCN) were issued, none of which were appealed, all have been paid on the due date. There were no “Failure to Pay Notices” issued.

Further Security Requests:

1 Further Security Request was issued during May 2006. at > £10K < £100K,

Settlement:

The following performance was reported:

Month	Payment Due Date	Payment Due Date +6
April	97.69%	100%
May	99.06	100%
Year to date	98.49%	100%

Network Operators performance: No late paid invoices

Update on this winter's Terminations

Reepham Limited

With regard to a payment being made to the Director of the company for his assistance with the Administration of the company. A letter has been sent to the Administrator confirming the unanimous view of the EBCC not to make a payment to the Director.

Utilita Gas Shipping Limited

The Winding-up petition has been granted at the court hearing of 6 June 2006.

Enron

No further update was available.

IEU

No further update available.

Review of Process

Update on actions from last month and subsequent discussion

- 1) Look at methodology currently used to calculate credit limits - could this be improved?

Calculate credit limit based on:

- a) 9 day throughput based on SAP – this would result in an increase of 300% to security value.
- b) 4 day throughput based on peak SMP – this would result in a increase of 490% to security value.

Duncan Church was unable to speak about Security mutualisation at the June meeting, however JD has an item from the Institute of Credit Management which will be circulated.

- 2) Look at possibility of using more up to date pricing information to be included in indebtedness calculation and thereby reducing the 10 day accrual. Need to consider:
 - a) look at system changes required and associated costs

- b) look at manual changes/processes
- c) potential Code Mod – Analytical Services within xoserve, have scoped a review of the accruals methodology and work has now commenced to see if the 10day accrual can be reduced.

The results of this analysis will be available at the end of August for consideration at the September meeting

- 3) Investigate the potential to reduce the timescales for the Cash Call Notice, Energy Balancing and Further Security Request processes by removing the issue of Failure Notices. A Modification would need to be raised by the EBCC. – A draft Modification Proposal has been provided and reviewed. A sponsor is required to move this forward, none were forthcoming at the meeting.
- 4) Introduce a template to provide a structure for all Emergency Meetings based on a decision tree. This format will also be used to ensure that more detailed minutes are produced, and the decision tree will be used as a basis for knowledge sharing. A draft template was discussed and agreed by the meeting.
- 5) Clarify vires of EBCC, ie; what decisions can be made at the Emergency Meetings based on the information available. Completed last month.
- 6) Represent EBCC views to Ofgem with regard to Supplier Undertaking. – Supplier Undertaking's needs to be in place for all Users. Letter to be drafted to Ofgem (pass to EBCC first for approval) - no further update on this action.
- 7) Identify what information can be divulged to whom. At the EBCC meeting it was agreed that the process followed could be clarified but no actual detail was to be provided unless instructed to do so by EBCC. Completed last month.
- 8) Prepare knowledge transfer session for new members of EBCC. Look at previous scenarios eg: IEU/TXU/AEG/ANG/REE/UGS to identify different complexities to supplement the annual knowledge transfer. Plan reviewed and agreed by the meeting. Training package to be completed for delivery at October meeting.
- 9) Member's election process. Would it be possible to set standard criteria for EBCC members – ie minimum length of service in gas industry and/or Credit Management experience? JM reported that the UNC Committee had agreed that prospective members should be suitably qualified and experienced, but did not agree to a minimum length of service.
- 10) Prepare a short piece detailing what the EBCC does and what is expected from it's members - this will be circulated by Joint Office prior to election of new members. Completed last month.
- 11) Amend monthly stats to reflect any non-payments from NWO's - in progress
- 12) Can we stop NBP trades in the event of User default? Gain understanding of process to identify whether or not this is possible. No one from O & T available to speak at June EBCC meeting to give background, can anyone within a members' company help? Julie McNay provided an update, there is no vires to prevent NBP trades in the event of User default - it would be up to the individual parties to recognise that a 3rd party was in financial difficulty and cease trading with them.

- 13) Gain understanding of Beach sales/retrospective beach trades to identify what action can be taken in the event of user in default. Still struggling with a response from O&T, can anyone within members' company help? JD to arrange for someone from CVA to attend an EBCC meeting to give an overview on this matter.
- 14) Look at processes once termination has been issued with the aim to tighten timescales thereby reducing overall debt. CRM to investigate and provide an update by 31/08/06.
- 15) Raise Mod to give EBCC the power to instruct appropriate recovery steps. – A draft Modification Proposal has been provided and reviewed. A sponsor is required to move this forward, none were forthcoming at the meeting.

A.O.B.

Jayne Deasley informed the meeting that, because of the implementation of Gemini V3 changes due to happen on Sunday 2 July, Invoice Management were looking to issue the May 2006 EB invoice on 30 June which is one day early. The Payment due date will remain the same.

She confirmed that this had been raised at the Billing Operations forum & there was no adverse reaction.

Next Meeting: teleconference at 10:30 hours on 21 July.