

# Energy Balancing Credit Committee Meeting By Teleconference 22 May 2009

## Participants

### Joint Office (Non voting)

John Bradley (JB) Chair

### Shippers (Voting)

Carl Wilkes (CW)

Ed MacDonald (EM)

Gary Russell (GR)

Gavin Ferguson (GF)

Julie McNay (JM)

RWE

ScottishPower

Corona Energy

Centrica

Scottish and Southern  
Energy

E.ON UK

Richard Fairholme (RF)

### Shippers (Non Voting)

Audrey Shindler (AS)

David Trevallion (DT)

ScottishPower

Scottish and Southern  
Energy

### xoserve (Non Voting)

Loraine O'Shaughnessy  
(LOS)

### Ofgem (Non Voting)

Andrew Pester (AP)

Ofgem

### Apologies

Raihana Braimah (RB)

Mark Cockayne (MC)

Ofgem

xoserve

## 1. Introduction

JB welcomed the members to the meeting, which was quorate. He welcomed AS to the meeting who had been nominated by EM as a standing alternate.

## 2. Minutes from the Previous Meeting

The minutes from the previous meetings held on 17 April 2009 were approved.

## 3. Actions Update

**EBC 11/03:** xoserve (MC) to draft a Modification Proposal to address the identified exposure from Users who are traders at the NBP.

Ofgem had rejected Modification Proposal 0233V. It was therefore agreed that the Committee would discuss this further in the context of a similar proposal to 0233V. **Carried Forward**

**EBC 03/02:** xoserve (MC) 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.

Further work on this was indicated by LOS

**Carried Forward**

**EBC01/04:** xoserve (MC) to draft a UNC Modification Proposal for payment of Standard and Poor's and Moody's subscription.

A draft had been circulated by MC

**Closed**

The committee then discussed RF's response to the draft. It was agreed that prior to seeking a sponsor, the Transporters will investigate whether funding for this is already covered in the Transporter Licence. xoserve would also investigate why the costs for the two organisations were so different.

**EBC01/05:** xoserve (MC) to investigate whether funding for payment of Standard and Poor's and Moody's subscription is already covered in the

**Gas Transporter Licence and why the subscriptions for the two organisations are so different.**

**EBC02/04:** xoserve (MC) to draft a UNC Modification Proposal for revised Further Security Request provisions.

The committee discussed the advantages and disadvantages of amending the Further Security provisions, within Section X of the UNC Transportation Principal Document, to reduce the incidence of a chain of Further Security Requests on the same User would be reduced. Some members considered that there would be a benefit in providing further incentives for Users to manage their indebtedness prudently and effectively. Other members were concerned that this would lead to a general increase in securitisation, which would particularly affect small Users. It was agreed that xoserve would take into account these comments before drafting its Proposal at the June meeting.

**Carried Forward**

**EBC03/04:** Joint Office (JB) to consider and circulate potential changes to rules on quorum and approaches to be made to the Gas Forum.

A draft letter had been circulated and this was discussed **Closed**

Members then discussed measures that would lead to a higher take-up of positions on the EBCC.

It was agreed that the Gas Forum be asked to publicise the current vacancies, targeting particularly companies not already represented. These notifications would highlight the following:

- The requirement for a member to act as an individual expert where decisions are needed to protect the interests of Users as a whole; and
- The modest time resource requirements – most monthly meetings are of less than an hour's duration by Teleconference; once per quarter there might be a face-to-face meeting in London. Occasionally, emergency meetings are held at short notice – also by teleconference.

RF agreed to request this with the chairman of the Gas Forum.

**EBC02/05: RF to request the Gas Forum to publicise the current vacancies on EBCC in a targeted manner and hold an election.**

It was agreed to retain the current recommendations that members should have credit management experience or a minimum of three years experience within the gas industry. This was particularly important for decisions taken at an emergency meeting that might include a recommendation to Terminate a User.

Members agreed that the quorum should be three both for routine and emergency meetings – currently these are set at five and three respectively.

Where a member has appointed a person as standing alternate, that person may appoint a further alternate for a specific meeting.

The Gas Forum be requested to confirm CW and AS as full members for 2008/9, as both Simon Howe and EM will be unavailable for the remainder of this Gas Year.

**EBC03/05: Joint Office (JB) to request the Gas Forum to confirm CW and AS as full members of the EBCC for the remainder of Gas Year 2008/9.**

It was agreed that requesting another member of the EBCC to act as alternate or carry a proxy vote was of limited use. Proposals are often put forward after discussion at the meeting and often would not be anticipated beforehand.

It was also agreed that the “no more than one member per company” rule should be retained, particularly for emergency meetings.

The Joint Office agreed to propose changes to the Energy Balancing Rules that reflect this discussion and to publicise the current membership of EBCC on its website. JB suggested that any changes be brought to the attention of the UNC Committee prior to formal adoption by EBCC. This was agreed.

**EBC04/05: Joint Office (JB) to draft changes to the Energy Balancing Credit Rules in respect of membership and quorum.**

**EBC05/05: Joint Office (JB) to post current EBCC membership on its website.**

#### **4. Operational Update**

LOS provided the following Operational update:

The EBCC Pack was issued on 12 May 2009 and placed on the Joint Office website.

##### **Cash Call Notices:**

During April 2009, there were three Cash Call Notices (CCN) issued. One was appealed and withdrawn, one was paid on the due date. There was one Failure to Pay (FTP) Cash Call Notice which was paid on the due date.

##### **Further Security Requests:**

One Further Security Request was issued during April 2009.

##### **Settlement:**

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
March	100.00%	100.00%
April	99.94%	100.00%
Rolling 12 Months	98.79%	100.00%

#### **5. Modification Proposals**

*(Post meeting note: please see clarification of statement by Ofgem in minutes of 22 January 2010 meeting)*

JB advised that Proposal 0233V had been rejected by Ofgem. AP outlined the reasons for this. Ofgem was sympathetic to the intent of the Proposal but was concerned in respect of lack of transparency, particularly where any data within the public domain might be used to calculate a User’s indebtedness. Ofgem also believed that there were issues in respect of discrimination which had not been satisfactorily addressed in either the Proposal or the responses. Members expressed some difficulty in understanding Ofgem’s reasons as they viewed the proposed process as transparent.

Ofgem offered to discuss this matter further in the context of the type of Proposal that would be more acceptable. Members welcomed the offer and requested the Joint Office to hold a meeting with Ofgem to which a commercial representative of British Gas Trading and MC would be invited.

**EBC06/05: Joint Office (JB) to arrange meeting with Ofgem to discuss potential UNC Modification, following the rejection of Proposal 0233V.**

**6. Energy Balancing Credit Rules**

The Joint Office had published Version 3.10 and notified Users. JB mentioned that some feedback had been received on the clarity of the changes made. This had resulted in a further email being sent which detailed the changes and a marked-up copy being placed on the website. The Joint Office had agreed to include this level of detail for subsequent revisions.

**7. Any Other Business**

LOS notified the meeting of the following request for Voluntary Discontinuance for which there was no remaining Transportation or Energy Balancing liability:

Midlands Gas Limited	Short Code AGM
TXU Europe AHGD Limited	Short Code AMD
Western Gas Limited	Short Code SWE
Midlands Sales Limited	Short Code MID

RF declared that E.ON had an interest in some of these shipper identities and therefore would not be taking part in the vote. No other member declared an interest.

With the exception of RF, the meeting then agreed UNANIMOUSLY to the Voluntary Discontinuance of the above shippers.

A further shipper was discussed: TXU Europe AHDG Ltd, Short Code AME. All Voluntary Discontinuance conditions had not been met due to an administration error caused by another third party. As a result, this shipper is incurring small amounts of charges through RbD smearing. Also there are still minimal Energy Balancing Charges expected for April and May. No decision was therefore taken on this shipper and LOS undertook to keep the committee informed.

**8. Next Meetings**

The next meeting will be held at 10.00 am on Monday 22 June 2009. This will be face to face meeting in London with dial in facilities provided for those unable to attend.

## Action Log – Energy Balancing Credit Committee: 22 May 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 be discussed in the light of the rejection of 0233V. <b>Carried Forward</b>
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)	Financial Institutions being approached for permission. <b>Carried Forward</b>
EBC 01/04	17/04/09	5	Draft a UNC Modification Proposal for payment of Standard and Poor's and Moody's subscription.	xoserve (MC)	Proposal drafted and circulated. <b>Closed</b>
EBC 02/04	17/04/09	5	Draft a UNC Modification Proposal for revised Further Security Request provisions	xoserve (MC)	Further discussion held <b>Carried Forward</b>
EBC 03/04	17/04/09	7	Consider and circulate potential changes to rules on quorum and approaches to be made to the Gas Forum.	Joint Office (JB)	Rules circulated <b>Closed</b>
EBC 01/05	22/05/09	3	Investigate whether funding for payment of Standard and Poor's and Moody's subscription is already covered in the Gas Transporter Licence and why the subscriptions for the two organisations are so different.	xoserve (MC)	
EBC 02/05	22/05/09	3	Request the Gas Forum to publicise the current vacancies on EBCC in a targeted manner and hold an	(RF)	

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
			election.		
EBC 03/05	22/05/09	3	Request the Gas Forum to confirm CW and AS as full members of the EBCC for the remainder of Gas Year 2008/9.	Joint Office (JB)	
EBC 04/05	22/05/09	3	Draft changes to the Energy Balancing Credit Rules in respect of membership and quorum.	Joint Office (JB)	
EBC 05/05	22/05/09	3	Post current EBCC membership on its website.	Joint Office (JB)	Completed 22/05/09
EBC 06/05	22/05/09	4	Arrange meeting with Ofgem to discuss potential UNC Modification, following the rejection of Proposal 0233V.	Joint Office (JB)	