

**UNC Energy Balancing Credit Committee Minutes**  
**Wednesday 24 February 2021**  
**via Microsoft Teams**

**Attendees**

Rebecca Hailes (Chair)	(RH)	Joint Office	Non-Voting
Mike Berrisford (Secretary)	(MiB)	Joint Office	Non-Voting
Brendan Gill	(BG)	Xoserve	Non-Voting
Sharon Bright	(SB)	Xoserve	Non-Voting

**Voting Members**

David Holland	(DH)	ScottishPower
Jane Morrison	(JM)	SSE
Thomas Grove	(TG)	British Gas

Copies of all papers are available at: <https://www.gasgovernance.co.uk/ebcc/240221>

**1. Introduction**

Rebecca Hailes (RH) welcomed all representatives to the meeting.

**1.1. Apologies for absence**

None provided ahead of the meeting.

**1.2. Note of Alternates**

None.

**1.3. Quoracy Status**

RH confirmed the meeting was quorate.

**1.4. Approval of Minutes (23 November 2020)**

The minutes of the previous meeting were approved.

**1.5. Approval of Late Papers**

There were no late papers to consider.

**2. Operational Update**

**2.1. Energy Cash Collection**

Sharon Bright (SB) reported that the following Cash Collection Performance had been consistently high for November 2020 and January 2021, with a slight dip for the December 2020 figure due in part, to a higher than usual volume of failure to pay notices, of which one in particular amounted to a large value and was caused by an error at the customer's end of the process - this was settled in full the next morning.

Month	Payment Due Date	Payment Due Date + 2	Failure to Pay Notices Issued
November 2020	99.92%	100%	2
December 2020	96.54%	100%	11
January 2021	98.86%	100%	4

## 2.2. Cash Calls

SB confirmed that during:

- **November 2020** there were four (4) Cash Call Notices issued, of which one (1) was appealed and withdrawn and three (3) were paid;
- **December 2020** there were two (2) Cash Call Notices issued, of which one (1) was appealed and withdrawn and one (1) was paid, and
- **January 2021** there was one (1) Cash Call Notice issued, which was then paid.

When asked, SB clarified that ‘appealed and withdrawn’ would normally be triggered (or relate to instances of) where parties utilise alternative data provision routes to ensure that the information arrives within the Gemini system, especially where missed ‘flow windows’ are involved.

SB clarified that there were no apparent issues or signals that any customers were having difficulties paying as a consequence of the prevailing COVID-19 pandemic conditions.

## 2.3. Further Security Requests (FSRs)

SB confirmed that there were no Further Security Requests issued during the reporting period.

## 2.4. Terminated Shipper Update

SB explained that three (3) Shippers had terminated since 2018 with a total debt of £5,829,234.46 which is being pursued through appointed administrators via regular updates. Furthermore, the Debt would be smeared (via Energy Balancing Invoices) 2 months after invoice due date to community.

As of 31 January 2021, there has not been any offer of settlement from the Administrators – it was noted that this does not include the recent Green Network Energy Limited data which would be included in the next reporting period data.

SB then provided a brief summary of the Green Network Energy Limited position, as follows:

- Green Network Energy – Unpaid invoices £739,447.87, and
- Charges accrued between 1st February and 9th February £4,751,420.37.

## 2.5. Energy Balancing Credit Rules

BG explained that the only changes to be undertaken would be to better reflect the new changes as defined with the *‘Corporate Governance and Insolvency Act 2020 (CIGA) as detailed in the Any Other Business Section 7’* and the implementation of UNC Modification 0743S *‘Revisions to User Termination Provisions’*, the Code changes for which are due to take effect as of 12 March 2021.

As a consequence, BG proposed the following:

- Xoserve would now propose an update to the EBCC Credit Rules and issue to EBCC Members for approval by the end of March 2021, with a view to setting the changes ‘live’ two (2) months later, and
- A ‘walkthrough’ meeting will be set up by Xoserve towards the middle - end of March 2021.

### 3. Outstanding Energy Balancing Adjustments

Whilst it was agreed that this item had been covered off during the discussions on item 2. above, the following additional items were discussed:

- The -2,776,789 kWh energy difference reflects the previously identified adjustments from the 2020 backlog, which is still being cleared off.
- Additional information in respect of previously closed Action 0802 has been provided for clarification.
- Xoserve remains confident that it will be able to implement the Direct Debit for Energy Invoices process by 01 July 2021, subject to being able to obtain the required 'wet signatures' in a timely manner.

### 4. Modifications

#### 4.1. UNC Modification 0743S – Revisions to User Termination Provisions

BG explained that the Modification was approved at the 18 February 2021 Panel meeting with an effective implementation date of 12 March 2021, which includes amendments to reflect the new insolvency rule changes (see Item 2.5).

### 5. Review of Outstanding Actions

**Acton 0504:** Xoserve / CDSP (BG) to provide further clarity on the powers under X1.2.6 and to share these findings with the Committee.

**Update:** When BG explained that the information had been shared via the previous National Grid Legal update, it was agreed the action could now be closed. **Closed**

**Acton 0801:** All Committee Members to confirm their acceptance of the EBCC Credit Rules to Brendan Gill via [brendan.gill@xoserve.com](mailto:brendan.gill@xoserve.com).

**Update:** In noting that the 2020 review had pre-empted UNC Modification 0743S and that several Committee Members had already approved the previous version of the Credit Rules, it was agreed to carry forward the action in order to enable approval of the latest round of changes.

A change marked version of the updated rules will be provided in due course. **Carried Forward**

**Acton 1101:** Xoserve / CDSP (BG) to provide updates on the outstanding debt position recovery and how it is being shared.

**Update:** When SB advised that this action had already been covered off during discussions on item 2. above, it was agreed to close the action. **Closed**

### 6. Key Messages

It was agreed that there are no 'Key Messages' for consideration at the meeting.

### 7. Any Other Business

#### 7.1. Green Network Energy Limited Update

BG provided a brief overview of the 'Green Network Energy Limited' presentation during which initial attention was focused around the timeline slide.

BG explained that Green Network Energy was a Shipper / Supplier that recently ceased trading on 31<sup>st</sup> January 2021 and led to the Transporters terminating the User from UNC on 9<sup>th</sup> February following licence revocation by Ofgem. Following Termination, Xoserve proceeded to invoke the Deed of Undertaking on the Supplier of Last Resort (SoLR) being EDF Energy in this instance.

BG went on to explain that this customer failure had revealed several weaknesses in the termination process, the most notable being the impacts associated with a timing of revocation of the Shipper Licence influencing when the Transporters could terminate the User from UNC and therefore invoking the Deed of Undertaking to charge the Supplier both Energy and Transportation costs. BG highlighted that the insolvency act changes introduced in June 2020 now removes insolvency as being a trigger to terminate a User. Xoserve, the Transporters and Ofgem are looking to conduct a review of the process.

BG went on to advise that there are circa 300k Green Network Energy customers that would need moving over to the EDF portfolio which would obviously take time.

SB advised that the Green Network Energy Limited (monetary) values currently outstanding are as detailed below;

- Green Network Energy – Unpaid invoices £739,447.87, and
- Charges accrued between 1st Feb and 9th Feb £4,751,420.37.

When asked, SB confirmed that the 9 day period between ceasing trading and revocation of licence had resulted in a cost of circa £4.6m in outstanding cash-out charges being accrued. Furthermore, there are circa £140k in deposit deeds and £902k in cash call accounts tied up.

BG explained that Xoserve are looking to ‘protect’ the industry as much as possible and are in ongoing discussions with Ofgem and the Transporters over this matter.

In noting that the SoLR process was last reviewed in 2016, BG suggested that there would be potential benefit in undertaking a more up to date review, especially around the deeds process.

When asked whether Xoserve would be able to ‘clawback’ any of the outstanding monies via the security mechanisms, BG advised that Xoserve would be looking to utilise the £140k they have access to (and hopefully the £902k cash call account monies), and then unfortunately the remaining values would need to be smeared across the industry – in short, there is a circa £3.4m shortfall.

**New Action 0201:** Reference Green Network Energy Limited - Xoserve (SB/BG) to provide an update at the 25 May 2021 EBCC meeting, including a view on the £4.6m daily debt build up breakdown.

## 8. Next Steps

It was noted that the proposed EBCC Credit Rules changes would need to be reviewed before the next meeting in May.

## 9. Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	Venue	Workgroup Programme
09:30 – 10:30 25 May 2021	Teleconference	Standard agenda items
09:30 – 10:30 24 August 2021	Teleconference	Standard agenda items
09:30 – 10:30 23 November 2021	Teleconference	Standard agenda items

**Action Table (as at 24 February 2021)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0504	18/05/20	6.3	Xoserve / CDSP (BG) to provide further clarity on the powers under X1.2.6 and to share these findings with the Committee.	Xoserve (BG)	Update provided. <b>Closed</b>
0801	17/08/20	1.4	All Committee Members to confirm their acceptance of the EBCC Credit Rules to Brendan Gill via <a href="mailto:brendan.gill@xoserve.com">brendan.gill@xoserve.com</a>	All	<b>Carried Forward</b>
1101	23/11/20	2.4	Xoserve / CDSP (SB) to provide updates on the outstanding debt position recovery and how it is being shared.	Xoserve (SB)	Update provided. <b>Closed</b>
0201	24/02/21	7.1	<i>Reference Green Network Energy Limited</i> – Xoserve (SB/BG) to provide an update at the 25 May 2021 EBCC meeting, including a view on the £4.6m daily debt build up breakdown.	Xoserve (SB/BG)	<b>Pending</b>