

# Energy Balancing Credit Committee Meeting 19 July 2010

by Teleconference

## Participants

### Joint Office (Non voting)

Bob Fletcher (BF) Chair  
Helen Cuin (HC) Secretary

### xoserve (Non voting)

Loraine O'Shaughnessy (LO)  
Mark Cockayne (MC)  
Richard Cresswell (RC)

### Ofgem (Non voting)

Tabish Khan (TK)

### Shippers (Voting)

David Trevallion (DT) SSE  
Gavin Ferguson (GF) Centrica  
Jenny Higgins (JH) RWE Npower  
Richard Street (RS) Corona Energy

### Observer (Non voting)

Sarah Scott (SC) RWE Npower

### Apologies

Richard Fairholme (RF) E.ON UK

## 1. Introduction

BF welcomed the members to the meeting, which was quorate.

BF asked if the members were willing to accept attendance from an RWE Npower observer Sarah Scott. The members agreed the observer was welcome to attend this particular meeting

## 2. Minutes and Actions from the Previous Meeting

### 2.1 Minutes

The minutes of the 25 June 2010 meeting were accepted.

### 2.2 Action EBC 04/06: MC to provide estimates for the inclusion of Fitch as an additional credit agency.

**Action update:** LS provided an estimate of £16k plus which was comparable to other credit agencies. MC confirmed that the modification to recover costs through Energy Balancing Neutrality incurred from Credit Agencies, needs to be progressed with National Grid. GF asked about the sharing of costs. MC confirmed that separate subscription is needed to ensure there is no cross subsidy. **Complete.**

## 3. Operational Update

LS provided the following Operational update for June 2010:

### 3.1 Cash Call Notices:

During June 2010, 1 Cash Call Notice was issued and was paid in full.

### 3.2 Further Security Requests:

There were no Further Security Requests (FSRs) issued during June 2010.

### 3.3 Settlement:

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
May 2010	99.96%	100%
June 2010	100%	100%
Rolling 12 Months	99.71%	100%

## 4. Modification Proposals

### 4.1 Alternative to UNC 0233 - Changes to Outstanding Energy Balancing Indebtedness Calculation

MC confirmed pending the Ofgem licence review progress is being made in the background to consider the Legal Text.

### 4.2 Proposal 0315 - To Enhance Section X of the UNC Transportation Principal Document to improve the Energy Balancing Further Security Process

RS gave an overview of the issues raised at the UNC Panel. Concerns were raised by National Grid NTS about the clarity of the Modification, they were concerned about the scaling back of credit limits. It was recognised that the modification will need to be amended to make this clear. MC suggested removing the reference and linking it to the existing 85% rule, which already exists within the UNC. MC agreed to consider what would need to be amended and provide amendments to RS and the amended modification can be submitted to the Joint Office.

**Action EBC 07/01:** xoserve to assist with the amendment of modification UNC0315.

RS highlighted that a meeting is planned on 05 August 2010 for the Panel to reconsider the modification.

Members were content with the amendment proceeding through the normal process without prior consultation with EBCC, as it was sufficiently clear as to what the amendments would be.

TK asked if this modification increases the credit requirements, particularly for new entrants. RS explained the process of cash calls and further security requests, at the moment there is no incentive other than to top up to a minimum. If three further security requests are sent this modification will discount the provided credit to help protect the industry against default - it is a temporary amendment to their credit level. This is an incentive to ensure sufficient credit is in place and parties balance.

TK asked about the effect on smaller suppliers and if this change is a barrier to entry. GF explained that effective management would avoid such occurrences. RS explained how correct behaviours could avoid the requirement to increase credit, that a new entrants would not want to be liable for energy costs incurred by other users and there needs to be protection to reduce the risk to the industry as a whole.

## **5. Any Other Business**

LS asked if all members could inform xoserve of planned holidays in case of a requirement for an emergency meeting.

**Action EBC 07/02:** All members to advise xoserve of any planned absence to assist with planning any emergency meetings.

### **Lehman's Update**

MC advised that xoserve had instructed Skaddens to progress the claim to an agreed status as determined in the last EBCC. MC went on to advise that the matter is being progressed and that xoserve now awaits further correspondence from the US lawyers.

### **Voluntary Discontinuance**

MC advised members that he wished to invoke the provisions of X1.2 as it was not practical to put forward the matter without doing so. MC went on to advise of two voluntary discontinuance requests:

AME - TXU Europe AHG Ltd. This account is part of E.ONs portfolio and due to rationalising their accounts they wish to voluntarily discontinue. MC confirmed that there are no live sites on the portfolio or any reconciliation involved with the account. Previous charges issued were as far back to July 2007. Agreement was reached that they could withdraw.

MUL - Monal Utilities. Essentially MUL are looking to leave the Market. MC confirmed that there was for some time only one site on the account, the account has been incurring charges over the last few months but are very small, the highest charge was £2.99. IX equipment has been removed and the site has now transferred. Exit from the market will remove RbD smears. It was recognised that the transactions of the invoices would be costing more than the actual value of the invoice. Agreement was reached that they could withdraw.

### **Non Registerable Deed of Deposit**

LS confirmed that xoserve's Legal are still working to produce a final draft document and that it should be available two weeks ahead of the next meeting due in August.

## **6. Next Meeting**

The next meetings:

20 August 2010 by Teleconference commencing at 15:00hrs.

**Action Log – Energy Balancing Credit Committee: 19 July 2010**

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
EBC 04/06	25/06/10	2.0	Provide estimates for the inclusion of Fitch as an additional credit agency.	xoserve (MC)	Complete
EBC 07/01	19/07/10	4.2	xoserve to assist with the amendment of modification UNC0315.	xoserve (RC)	Pending
EBC 07/02	19/07/10	5.0	All members to advise xoserve of any planned absence to assist with planning any emergency meetings.	All	Pending