

**Review of Network Operator Credit Arrangements**  
**Review Group (UNC0252) Minutes**  
**Thursday 09 July 2009**  
**Via Teleconference**

**Attendees**

Bob Fletcher (Chair)	BF	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
Beverley Viney	BV	National Grid NTS
Carl Wilkes	CW	RWE npower
Chris Wright	CWr	British Gas
Jenny Rawlinson	JW	GTC
Joanna Ferguson	JF	Northern Gas Networks
Mandip Grewal	MG	Northern Gas Networks
Paul Darby	PD	Ofgem
Phil Cushen	PC	National Grid Shared Services
Phil Hobbins	PH	National Grid NTS
Rawinder Basra	RB	Scotia Gas Networks
Richard Fairholme	RF	E.ON UK
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy
Sue Davies	SD	Wales & West Utilities
Vickey King	VK	National Grid Shared Services
Wayne Mullins	WM	National Grid NTS
Wendy Taylor	WT	Scotia Gas Networks

**1. Introduction and Review Group Operation**

BF welcomed members to the first meeting. The intention will be to hold monthly industry meetings to discuss the Network Operator Credit Arrangements and produce a Review Group Report for consideration by the UNC Panel and other governing bodies by November 2009.

**2. Outline of Proposal**

ST introduced the Proposal raised by Wales & West Utilities explaining the aim of the Review Group and the topics to be reviewed. SL asked if it's the Proposer's intention to reopen the discussions on entry capacity recently discussed during Review Group 0221. ST advised it is not his intention to reopen entry capacity within the review group as the focus is on Network Operator credit arrangements. However, the Review Group needs to be mindful of any previous modifications which could influence recommendations and discussion topics for the review group.

### 3. Consider Terms of Reference

BF explained the aims of the Terms of reference and asked the Review Group for their comments.

ST had considered the workplan approach and explained that he would like to take a 3 step approach where elements of the terms of reference would be grouped into related sections and discussed accordingly. ST agreed to provide a workplan for inclusion in the Terms of Reference.

PH raised his concerns around the inclusion of entry capacity and exit capacity arrangements in the Review Group scope. ST confirmed it is not his intention to review these but to be mindful of any impacts.

RB asked how the recent Modification Proposal UNC0261 was to be considered as it is likely to be consulted upon before the Review Group reports to UNC Panel. ST thought the Review Group needed to be mindful of UNC0261 and consider of impacts during the review process.

BF agreed to amend the draft Terms of Reference based on the discussions in the meeting and publish these for consideration by the UNC Panel.

**Action RG0252 0001:** ST is to submit a revised workplan based on the discussion held in the Review Group.

**Action RG0252 0002:** PD to confirm if a meeting room is available at Ofgem for Tuesday 18 August 2009.

**Action RG0245 0003:** Joint Office to amend draft Terms of Reference in light of discussions and publish

### 4. Review Group Process

The Review Group consider 5 sessions will initially be required to consider all the topics and produce the Review Group report and recommendations.

The plan for these sessions are:

Workgroup Items listed in ToR	Topics identified and to be consider in the review group
<b>No.1</b>	General review of the current credit arrangements and processes within UNC TPD Sections V3 & V4 to determine if they are still appropriate, coherent and relevant.
	Unsecured Credit Risk (use of Payment History and Independent Assessments)
	Letter of Credit Provider
	Comparison of industry practices (gas and electricity)
	Implications of changes to Energy Balancing credit arrangements
	Administration charges for late payment (payable to Users)
	Availability and understanding of Bi-lateral Insurance
	Interaction with other industry codes
<b>No. 2</b>	Timescales and procedures for issuing 'notifications' to Users
	Comparison of industry practices (gas and electricity)
	Interaction with other industry codes
<b>No. 3</b>	Impact of the implementation of Modification Proposal 0195AV ('Introduction of Enduring NTS Exit Capacity Arrangements' (changes to UNC TPD Section V)

		Impact of other industry code modifications / work groups (including but not limited to: DCP034 (" <i>Credit Cover Arrangements for Small Suppliers</i> ") and UNC Review Group 0221 (" <i>Review of Entry Capacity and the Appropriate Allocation of Financial Risk</i> ")
		Comparison of industry practices (gas and electricity)
		Interaction with other industry codes
Meeting	Date	Topics to be Discussed
1	09/07/09	Introductions and agree Terms of Reference and workplan
2	18/08/09	Review workgroup item 1
3	TBA	Review workgroup item 1 Review workgroup item 2
4	TBA	Review workgroup item 2 Review workgroup item 3
5	TBA	Review workgroup item 3 Draft Review Group Report
6	TBA	Complete Review Group Report

## 5. Diary Planning for Review Group

10:00 day, 18 August 2009 at Ofgem, Millbank London

Further dates to be confirmed:

10:00 day, xx September 2009

10:00 day, xx October 2009

10:00 day, xx November 2009

## 6. AOB

ST asked Ofgem if their view was similar to Wales and West when referring to the Nature and Purpose section of the proposal and if it will be Ofgem's intention to support the implementation of the Review Groups recommendations. PD advised Ofgem were supportive of industry initiatives to review credit arrangements, though their aim was to observe and provide input and not direct discussions.

**APPENDIX A.****ACTION LOG - Review Group 0252**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
RG0252 0001	09/07/2009	3.0	ST is to submit a revised workplan based on the discussion held in the Review Group.	WWU (ST)	Complete
RG0252 0002	09/07/2009	3.0	PD to confirm if a meeting room is available at Ofgem for Tuesday 18 August 2009.	Ofgem (PD )	Complete
RG0252 0003	09/07/2009	3.0	Joint Office to amend draft Terms of Reference in light of discussions and publish	Joint Office (BF )	Action: Pending