

Energy Balancing Credit Committee Meeting 18 September 2009

(via teleconference)

Participants

Joint Office (Non voting)

Bob Fletcher (BF) Chair
Lorna Dupont (LD) Secretary

Shippers (Voting)

Carl Wilkes (CW) RWE npower
David Trevallion (DT) Scottish and Southern
Energy
Gavin Ferguson (GF) Centrica
Richard Fairholme (RF) E.ON UK

xoserve (Non Voting)

Loraine O'Shaughnessy
(LOS)
Mark Cockayne (MC)

Shippers (Non Voting)

John Costa (JC) EDF Energy

Ofgem

Raihana Braimah (RB)

Apologies

Gary Russell (GR) Corona Energy
Audrey Shindler (AS) ScottishPower
Julie McNay (JM) Scottish and Southern
Energy

1. Introduction

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

BF reported that the proposed membership of JC to the EBCC had been discussed at the Uniform Network Code Committee the previous day, but there seemed to be some confusion as to how to nominate and accept a new member outside of the annual nomination process that was operated by the Gas Forum. In the meantime JC will formally submit his nomination to the Gas Forum, with the proposal that it take effect from 01 October 2009. The members present were happy to agree that JC be formally accepted as a member of the EBCC going forward, and the Chair will communicate this decision to the UNCC and the Gas Forum as appropriate.

RF, as a member of the Gas Forum, reported that following the letter sent out in respect of membership of the EBCC, and in addition to JC, there may also be a late nomination from BP Gas Marketing.

This was positive news and the EBCC thanked RF for his proactive approach in helping to raise the profile and encouraging interest to increase the membership.

Should the membership increase to five, it was felt that there may be some benefit in revisiting the criteria for quoracy (currently set at three), and it was agreed to add this as an item for further discussion at the next meeting.

Action EBC01/09: Add 'quoracy' as an item to the next meeting's agenda.

2. Minutes and Actions from the Previous Meeting

2.1 Minutes

Minutes of the meeting held on 17 July 2009 were agreed. It was agreed at the July EBCC meeting that no EBCC meeting will take place in August but an Operational update will be issued. This was issued to members on 6th August 2009.

2.2 Actions Update

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.

MC reported that, following discussions with the legal department, xoserve will now include information relating to appropriate Financial Institutions within the EBCC reporting pack, starting next month. **Closed**

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

MC reported that xoserve had discussed the proposed modification to Section X of the UNC (to further enhance the provisions in respect of Further Security Requests). Various possible options as to how this might operate had been considered. A Draft Modification Proposal had been circulated, together with suggested options for how this would work. LOS will recirculate the information. The members were encouraged to review the contents and respond to xoserve in advance of National Grid's response, so that all comments could be considered and incorporated as appropriate.

(The question of sponsorship of this Modification Proposal will be raised at a later date.)

Carried Forward

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.

MC reported that the Modification Proposal and revised text were under discussion with National Grid NTS, and it was hoped to raise the Modification Proposal shortly. **Closed**

Action EB04/06: xoserve (MC) to add further clarity to the paragraph at Section 2 "How is the Cash Call Limit Calculated" - 'Existing Users', and will circulate the revised wording to members; Members to respond as soon as possible with comments/a postal vote to agree to implementation of the new wording.

xoserve had finalised and circulated the new wording for approval:

"Existing Users

Calculation will initially be based on 75% utilisation of peak indebtedness over last 12 months to give a figure that represents 85% of the Secured Credit Limit. Where the result of such calculation determines that the User's Secured Credit Limit be reduced by more than 50% the User's Secured Credit Limit **may** ~~shall~~ be calculated based on 3 days non-deliverability at 12 months average SAP price in line with the provisions for New Users. ~~Consistent with this approach the User will be required to provide an estimate of its projected annual throughput in order to calculate its revised Secured Credit Limit requirement.~~ Alternatively the User may retain its existing level of Security. In any event the User will be required to maintain a minimum level of Security at all times, which is currently set at £10,000."

The existing action was agreed closed, and a new related action was generated, whereby all were asked to review and agree the proposed amendments as soon as possible:

Extended Action EB04/06B: Members to review the amendments and suggested new text, and confirm approval of the changes indicated by close of play 25th September Members to also confirm agreement implementation on a reduced notice period with changes becoming effective from 01st October 2009, to the EBCR. **Carried Forward**

3. Operational Update

MC provided the following Operational update:

Cash Call Notices:

During August 2009, four Cash Call Notices (CCNs) were issued, three of which were paid on the due date. One Failure to Pay (FTP) Notice was issued and subsequently paid.

Further Security Requests:

Four Further Security Requests were issued during August 2009.

It was noted that 3 were in relation to one organisation; this was because the party concerned has insufficient Security in place. The proposed changes will address and prevent this issue from occurring in the future.

Settlement:

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
July	99.75%	100.00%
August	98.36%	100.00%
Rolling 12 Months	99.22%	100.00%

4. Modification Proposals

Modification Proposal 0233V

MC had met with National Grid NTS Commercial Team to review the operation of the revised Modification Proposal, and to facilitate the drafting of the revised legal text which remained of concern. The problem is not with the principle of the Modification Proposals, but with drafting the legal text in such a way that it addresses the issue fairly and effectively. A further meeting will take place between MC, RB and National Grid NTS next Friday, in an effort to establish an appropriate way forward. An update will be given at the next meeting.

5. Energy Balancing Credit Rules

See Action EB04/06, above.

6. Any Other Business

6.1 Voluntary Discontinuances

MC reported that three parties were approaching the final stage of the voluntary discontinuance process, and the various financial positions of each party were briefly discussed.

The accounts were attracting no further charges other than those associated with default allocations, and the IX equipment remained to be recovered from one party. The administrator of another of the parties had asked for its position to be clarified and finalised, and was seeking the release of any remaining funds.

The EBCC gave its approval for xoserve to finalise the positions of each of the parties discussed and to permit each to make its controlled exit from the UNC.

7. Next Meeting

The next meeting will be held at 10:30 am on Friday 23 October 2009, at the Energy Networks Association, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF.

Action Log – Energy Balancing Credit Committee: 18 September 2009

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
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)	Information to be included in the EBCC Reporting Pack. Closed
EBC 02/04	17/04/09	5	Draft a UNC Modification Proposal for revised Further Security Request provisions	xoserve (MC) and Members	Circulated and comments requested. Carried Forward
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)	Proposal to be raised shortly. Closed
EBC 04/06	22/06/09	5.2	xoserve to add further clarity to the paragraph at Section 2 "How is the Cash Call Limit Calculated" - 'Existing Users', and will circulate the revised wording to members.	xoserve (MC) and Members	Closed
EBC 04/06B			Members to respond to xoserve as soon as possible with comments/approval of immediate implementation of the new wording.	xoserve (MC) and Members	Members to review and respond to xoserve by Friday 25/09/09.
EBC 01/09	18/09/09	1.0	Add 'quoracy' as an item to the next meeting's agenda.	Joint Office (JB)	