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Maintenance of Best Practice Guidelines for gas and electricity network operator credit cover

Sue Davies – 24th January 2008

Distribution Workstream



Background

- Ofgem published Best Practice Guidelines for gas and electricity network operator credit cover conclusions document Feb 2005 (58/05)
- These guidelines have been incorporated into gas and electricity industry codes over the past 2+ years

Actions taken by WWU

- Current UNC & Best Practice Guidelines reviewed to ensure UNC would fully reflect the guidelines when recent Modifications 0144AV & 0145 are implemented on 1/2/08
- UNC Modification Proposals raised by WWU to tie up outstanding issues following review
 - 0190 Clarification of Aggregation of Credit Positions using a Guarantee from a Security Provider
 - 0191 Discontinuance of Code Credit Rules

Maintenance of the Best Practice Guidelines

- Paragraph 6.10 of the Best Practice Guidelines states:
“Whilst it will remain open for parties to raise change proposals to relevant codes and/or agreements at any time, subsequent to their implementation, Ofgem suggests that the best practice guidelines be reviewed on an annual basis. This should be carried out in such a way as to ensure that the guidelines remain appropriate and consistent with best practice in comparable industries (taking into account the nature of gas and electricity transportation and all relevant regulatory and legal issues)”

Maintenance of the Best Practice Guidelines

- Paragraph 6.11 of the Best Practice Guidelines states:
“Ofgem considers that high level review could be carried out by a body analogous to the existing Credit Cover Steering Group, with workgroups being constituted, as required, to consider more detailed issues. Absent preference being expressed for alternative arrangements, Ofgem will issue invitations in line with the above, on an annual basis”

Maintenance of the Best Practice Guidelines

- Credit Cover Steering Group - WWU are unable to trace any meeting of same since July 2003
- New Group to be formed?
- Group participants to be identified and agreed
- Governance of group to be put in place
- First meeting and agenda to be set up

New Group to be formed?

- Who should set up the new group?
- DCUSA have been approached to gain their views
- Distribution Workstream members views invited
- Ofgem views to be sought



Group participants to be identified and agreed

- National Transmission (Gas / Electricity)
- Distribution Network Operators (Gas / Electricity)
- Shippers
- Ofgem
- EBCC
- Joint Office
- Elexon
- Others?



Governance of group to be put in place

- ENA have been approached as a possible governance body
- Other possible governance bodies to be identified



Next steps

- Collate views from all parties
- Agree nature and governance of group
- Approach Ofgem for their views
- Identify scope of group
- Arrange initial meeting of group
- Agree initial agenda items



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Thank You

Questions / Comments