

Potential Changes to the Structure of the Energy Balancing Credit Committee (EBCC)

EBCC

Background

- At present, EBCC membership can be up to a maximum of 9 shipper representatives, but for many years now, committee has not been at full strength
- Currently 6 shipper members with alternates for 4
- Due to a continued low level of representation by Shippers, the EBCC took a decision to reduce EBCC quoracy from 5 to 3 in 2009. The EBCC has been clear that it does not wish to reduce it any further and would prefer a higher level of quoracy
- Despite the change there are still instances of non-quoracy, which can delay the decision making process, although Xoserve works hard in the background to encourage attendance.

Implications

- In the event of an individual User failure, **Shipper Users are jointly liable** for any unpaid Energy Balancing Charges
- EBCC has a responsibility to protect the Gas Industry from avoidable financial loss and plays an important role in the development and application of the Energy Balancing Credit Rules (EBCR) and responding to User Failure Events
- Without EBCC, National Grid is obliged to act upon the tightly defined steps outlined in UNC Section X and V in respect of User Failure
- **EBCC plays a critical role** - history has demonstrated that strictly following UNC in a User Default, without EBCC intervention, is not always the most appropriate way to protect the industry from avoidable financial loss

Draft Modification Proposal

- EBCC proposes to introduce a **standing pool of independent experts**, to sit alongside existing EBCC members
- Purpose: To ensure quorate decisions (especially for emergency EBCC meetings), and provide expert assistance on specific issues (ad hoc)
- Experts expected to be people with relevant expertise and experience
- Remuneration costs to be funded via Energy Balancing Neutrality
- Industry views?