

Energy Balancing Credit Committee Minutes

Tuesday 19 January 2016

Teleconference

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office	Non-Voting
David Holland	(DH)	Shipper	Voting Member
Gavin Ferguson	(GF)	Shipper	Voting Member
Gemma Truran	(GT)	Shipper	Voting Member
James Hill	(JH)	Shipper	Voting Member
Richard Fairholme	(RF)	Shipper	Voting Member
Mark Cockayne	(MC)	Xoserve	Non-Voting
Sandra Dworkin	(SD)	Xoserve	Non-Voting

Apologies

Pauline Babb	(PB)	Shipper	Voting Member
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Copies of all papers are available at: <http://www.gasgovernance.co.uk/ebcc/190116>

1. Introduction and Status Review

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

1.1 Approval of Minutes (21 December 2015)

Minutes from the previous meeting were approved.

1.2 Actions

None for review.

2. Operational Update

SD provided the operational report for December.

2.1 Cash Call Notices

During December there were no Cash Call Notice issued

2.2 Further Security Requests (FSRs)

During December there were no Further Security Requests issued.

2.3 Settlement

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
November 2015	100%	100%
December 2015	100%	100%
Rolling 12 Months	99.36%	100%

SD explained that there were no 'Failure to Pay' notices issued during December.

3. Market Operator Security Requirements

MC confirmed he was continuing to work closely with National Grid (NG). In particular working to set up their clearing bank and the contractual aspect surrounding Rule 305. Since the last meeting they have received clarification that all invoice payments will be made via the NG clearing bank not just cash calls. Xoserve are continue to work with NG to ensure payment processes are managed to meet the obligations of UNC, and making sure the risk is understood whilst ensuring segregation of funds.

Note: for details of ongoing discussions refer to minutes dated 19/11/15.

4. Modifications

Modifications 0541A/B - Removal of uncontrollable UNC charges at ASEPs which include sub-terminals operating on a 06:00 - 06:00 Gas Day.

MC confirmed that Xoserve is represented at the meeting and would be feeding in the Energy Balancing credit requirements to the Workgroup.

The modification is available at: www.gasgovernance.co.uk/0541

Modification 0555R – Review of the Market Operator (OCM) Provision

MC advised that Energy Balancing credit was not impacted. The review has identified that the potential appointment of multiple MOs is unlikely due to the complexity of arrangements. However, a revised contractual renewal appointment process for the MO may feed into the recommendations within the review report.

This Modification is available at: www.gasgovernance.co.uk/0555

Modification 0568 - Security Requirements and Invoice Payment Settlement Cycle for the Trading System Clearer

MC advised that he had attended the last meeting and that progress continues to be made. One additional meeting has been planned before completion of the workgroup report. He also advised that Transporters had raised a ROM request with Xoserve.

The Modification is available at: www.gasgovernance.co.uk/0568

Modification 0569 - Removal of the minimum security requirement from the Energy Balancing Credit Rules

MC provided an overview of the last meeting, explaining there appeared to be limited engagement at the workgroup, as some participants did not think the subject was much of a concern or risk if the change was made. The workgroup report is to be submitted to the January Pane and is likely to be issued to consultation. It was confirmed that the modification is currently following self-governance procedures and if issued to consultation following the January Panel, it is likely Panel would be requested to make an implementation decision at the February meeting.

MC advised there was a discussion on the governance process for changing the EBCR at the workgroup meeting. Some participants were concerned that this modification could be implemented and there was nothing preventing the EBCC from overwriting the decision with a subsequent amendment. MC explained that he had expressed a view that removal of such arrangements may be more detrimental and EBCC had a proven track record of acting in the best interests of the energy balancing community as a whole. Members confirmed they were comfortable with the current approach.

This Modification is available at: www.gasgovernance.co.uk/0569

5. Energy Balancing Credit Rules (EBCR)

Following the quorate decision to amend the minimum security value of £10,000 at the December operational meeting; MC advised that circulation of the draft EBCR had raised some comments regarding clarification.

SD confirmed a further revised draft has been issued to members following receipt of the comments and the draft wording was discussed.

Members determined unanimously to approve the proposed amendments to the EBCR and determined that the changes should be effective immediately and waiving the 2 months notice period as the proposed changes could be seen to have a positive impact on some Users and no impact on most.

BF requested that Xoserve draft a notification to explain why the decision has been made to change the EBCR with immediate effect and that the Joint Office would issue the email and update its website.

6.0 Any Other Business

6.1 Proposed changes to Energy Balancing Credit Rules

MC advised that a User had proposed a number of changes to the EBCR and two further Users had confirmed their support for the proposals as follows:

- i) Remove the requirement to lodge collateral for the MOD640 invoices as energy balancing invoices;
- ii) Reduce the period of peak indebtedness used to calculate the cash call limit from 12 months to 1 month.

Members discussed the proposals in detail. MC advised that the impacts of Modification 0640 would be removed following the implementation of UK Link replacement systems during October 2016. MC further clarified that if there were one off peaks they can be taken into account when calculating energy balancing security requirements.

Members then discussed the reduction of the period of peak indebtedness to calculate the cash call limit and highlighted some of the issues regarding process, administration and resource to manage the security process for Users, Financial Institutions and Xoserve. MC asked members to note that the current rules do not prohibit Summer/Winter profiling should a User wish to adopt such approach. This may be considered a benefit to smaller Users.

GF didn't think it was appropriate to agree the changes proposed, particularly on a monthly basis. DH agreed in part but liked the idea of a seasonally based profile. JH suggested a meeting is held with the User to explain what options they could use under the existing EBCRs prior to considering additional changes. MC agreed to meet with the User to explain their options under the current arrangements.

New Action EBC0101: MC to meet with the User who proposed the changes to EBCR to explain their options under the current arrangements.

7.0 Diary Planning

The next meeting will take place on Tuesday 23 February 2016 at 10.30 via teleconference

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

EBC meetings are scheduled as follows:

Time Date	Venue
10:30 Tuesday 23 February 2016	Teleconference

Action Table (As of 19 January 2016)

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
EBC 0101	19/01/16	6.1	MC to meet with the User who proposed the changes to EBCR to explain their options under the current arrangements.	(MC) Xoserve	Pending