

**Energy Balancing Credit Committee Minutes**  
**Monday 21 December 2015**  
**Meeting**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office	Non-Voting
Karen Visgarda	(KV)	Joint Office	Non-Voting
David Holland*	(DH)	Shipper	Voting Member
Gavin Ferguson	(GF)	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
Gemma Truman	(GT)	Shipper	Voting Member

\*Via Teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/ebcc/211215>

**1. Introduction and Status Review**

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

**1.1 Approval of Minutes (16 November 2015)**

Minutes from the previous meeting were approved.

**1.2 Actions**

**1001:** EBCC members to review Modification 0560 and provide any concerns to Xoserve.

**Update:** MC confirmed that Xoserve had provided a draft letter to EBCC Members on 16 November 2015, which was unanimously agreed and had been submitted in response to the consultation. MC explained that following the review of the credit positions of organisations that were currently active at BBL, the EBCC did not believe that the values indicated, presented a material risk in exposure terms. Modification 0560 has now been implemented. It was agreed by all Member's this action could be closed. **Closed.**

**1002:** Xoserve to provide a view on the required 9 days non-delivery credit limit for parties with a current £10,000 credit limit, for review by EBCC Members.

**Update:** MC provided an overview regarding the update for this action. Please see the detail in Section 4, below. This action was then subsequently closed. **Closed.**

**1101:** Xoserve (MC) to construct a draft letter for approval from EBCC members prior to being sent to ICE Endex. Requesting mitigation and contingency planning should Modification 0568 not be implemented, a further understanding of regulatory status and greater clarification around rule 305 and receipt of cash call funds.

**Update:** MC confirmed that the draft had been sent to EBCC Members, approved and issued to ICE Endex. A further update is included in Section 3 below. It was agreed this action could then be Closed. **Closed.**

**1102:** Xoserve (MC) to provide a draft letter to EBCC members prior to issue to Joint Office.

**Update:** MC confirmed this was in connection with Modification 0560, a letter had been approved by Members and sent in response to the consultation. It was then agreed this action could be closed. **Closed.**

**1103:** Xoserve (SD) the Modification response for 0541/A/B to be re-drafted in the form of a 'Workgroup Paper' and added to the agenda for the next meeting.

**Update:** SD explained that this matter was going to be addressed with the Xoserve representative prior to the next work group meeting on 19/01/16, please see Section 5, below for more detail. It was then agreed this action could then be closed. **Closed.**

**1104:** Xoserve (MC) requested feedback from the Committee Members at the next meeting regarding the Membership Appointment Process of the EBCC.

**Update:** MC explained previously there had been issues with the Committee not being quorate and more work was being undertaken regarding this matter and a draft modification had been produced for discussion. See Section 5, as below. It was agreed this action could be closed. **Closed.**

## 2. Operational Update

SD provided the operational report for November.

### 2.1 Cash Call Notices

During November there was 1 Cash Call Notice issued, which was appealed and withdrawn.

Further Security Requests (FSRs)

During November there were no Further Security Request.

### 2.2 Settlement

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
October 2015	94.79%	100%
November 2015	100%	100%
Rolling 12 Months	99.36%	100%

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

### 3. Market Operator Security Requirements

MC reminded members that following the emergency EBCC meeting held on 19 November 2015, that a subsequent quorate decision was made by Members on 20 November 2015 for:

MC to advise ICE Endex that if National Grid and ICE could provide a detailed plan demonstrating that the contractual aspect surrounding rule 305 could be resolved within a reasonable timeframe, and that assurances would be provided underwritten by senior individuals within ICE; then the agreement to suspend the application of the provisions of section X2.2.3 of the UNC requiring ICE to put in place security to be in force for the period ending 30/4/16 and further setting an initial secured credit limit to become effective.

However, notification was then received on 20 November 2015 from ICE Endex to confirm the postponement of the migration of the clearing market.

MC confirmed that detailed discussions were still on-going with National Grid and ICE Endex surrounding process, procedures and associated contracts. MC explained that there were a couple of areas that still needed to be addressed surrounding the bank account segregation and the assurance process regarding payments.

He confirmed from an Xoserve perspective, all was in place for providing access to the accounts via the normal SLA process which would take 5 days. MC stated he would attend the Transmission Workgroup meeting on 07 January 2016 when Modification 0568 would be discussed. MC had had a teleconference with ICE Endex immediately prior to the EBCC and clarified the outstanding actions to be completed by ICE Endex prior to the workgroup, These were concerning the need for a detailed schematic showing the current and future process, together with a flow chart to show the billing schedule, current and future process. GF requested if the process flow could also show how the 'money' flowed, currently and how it would flow with the new process. SD agreed she would produce a process flow to detail this in January.

Discussion took place regarding these areas and it was agreed in light of a potential 'Go Live' date in January 2016, which was yet to be confirmed, that the EBCC meeting should be brought forward to Tuesday 19 January 2016, to allow the Member's time to fully understand the outcomes from the Transmission Workgroup regarding this Modification.

### 4. Review of Energy Balancing £10,000 minimum security

MC confirmed that the User had requested the review and had now gone live submitting £10,000 cash with a Deposit Deed.

MC confirmed that Modification 0569S had been raised by the User to remove the £10,000 minimum security requirement from the Energy Balancing Credit Rules.

MC confirmed that following the EBCC meeting held on 16 November 2015, as requested, analysis had taken place regarding the existing Users who currently had the minimum Security Credit Limit of £10,000. Xoserve had written to Members after looking at the effect of 9 days non-deliverability as Members had agreed this would ensure that the risk was covered off for unrecorded exposure, whilst ensuring there was no barrier to entry for new Users.

MC confirmed he had received 3 responses regarding this matter, and that more clarity had been requested. MC stated that he would explain the analysis undertaken and discuss with the Members during the meeting.

MC reminded members of the Energy Balancing Credit Rules for both New Users and Existing Users. He then explained the analysis of the security requirements of the existing Users with the minimum security of £10,000 if; a) they were based on the last

12 months, and b) if they were based on 9 days non-deliverability based on throughputs.

A lengthy and detailed discussion then ensued surrounding the level of security. MC highlighted that if a User were to exceed their Cash Call Limit by just £1 then they would receive the minimum Cash Call of £1,000. In addition, 2 Cash Calls within the measurement period would result in a request to Provide Further Security and would be based on peak indebtedness.

A quorate decision was then agreed that that a change should be made to the Energy Balancing Credit Rules, for new Users whose security requirement were less than £10,000, to ensure their calculation was based on 9 days non-deliverability. MC agreed he would produce a 'Draft' document confirming the change and feedback the Member's views to Ofgem and the User.

### **Modifications**

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

MC confirmed the EBCC comments were being raised with the Xoserve representative prior to the next work group meeting on 19 January 2016, BF confirmed Modification 0541 had now been withdrawn.

The modification is available at: [www.gasgovernance.co.uk/0541](http://www.gasgovernance.co.uk/0541)

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

MC confirmed that a meeting was arranged with the Xoserve representative prior to the next workgroup meeting on 15 January 2016 and that Xoserve had been undertaking work in the background regarding this subject in conjunction with National Grid.

This Modification is available at: [www.gasgovernance.co.uk/0555](http://www.gasgovernance.co.uk/0555)

Modification 0560 - (Urgent) - Addressing under-allocation of flows from BBL arising from misalignment of reference conditions

MC confirmed this modification has now been implemented.

The modification is available at: [www.gasgovernance.co.uk/0560](http://www.gasgovernance.co.uk/0560)

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

MC explained further detailed discussions were still taking place and that he was meeting with ICE Endex and National Grid, the week commencing 04 January 2016 to further progress this modification. ICE Endex are hopeful to have a Go Live date of January 2016 – this has not been formally confirmed at this stage.

The modification is available at: [www.gasgovernance.co.uk/0568](http://www.gasgovernance.co.uk/0568)

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

Please see the detailed overview regarding this modification in Section 4, as above.

This modification is available at: [www.gasgovernance.co.uk/0569](http://www.gasgovernance.co.uk/0569)

Draft Modification – Membership Appointment Process of the EBCC

MC introduced the draft for a new modification and a lengthy detailed discussion was undertaken regarding the potential transparency issues and whether a Transporter or a Shipper should propose this modification. It was agreed that the Members supported the overall principal but that further development work was required. GF said he would discuss this matter with Graham Wood at British Gas to get his feedback. MC confirmed he would also continue to develop the modification content further.

## 5. Winter Planning

MC explained due to recent changes in the law regarding insolvency, he would re-issue the pack, once he had cross-referenced this area. He said that SD had been working closely with the Customer Lifecycle Team in Xoserve and that there were no major changes.

## 6. Bank Ratings

SD gave the EBCC presentation provided on the security held in respect of Energy Balancing including details regarding the bank ratings of the Financial Institutions that provide Letters of Credit and the comparison with Cash held as security supported with a Deposit Deed.

## 7. Review Since April 2015 and Focus for 2016

MC gave the EBCC presentation provided, highlighting the achievements of the Xoserve Credit Team over the last 12 months and the focus for the year ahead.

## 8. Any Other Business

### 8.1 Voluntary Discontinuance

SD gave an overview of the Voluntary Discontinuance regarding 5 Users.

The following 5 Users were discussed:

- *Society Valmy Defence 17*

MC confirmed this party had no active Supply Points or CSEPs, and there were no outstanding queries. The EBCC gave its approval for market exit to be completed.

- *Deutsche Bank AG*

MC confirmed this party had no active Supply Points or CSEPs, and there were no outstanding queries. The EBCC gave its approval for market exit to be completed.

#### *Electrabel NV*

MC confirmed this party had no active Supply Points or CSEPs, and there were no outstanding queries. The EBCC gave its approval for market exit to be completed.

#### *Social Ventures in Energy*

MC confirmed this party had no active Supply Points or CSEPs, and there were no outstanding queries. The EBCC gave its approval for market exit to be completed.

*Elf Exploration UK Limited*

MC confirmed this party had no active Supply Points or CSEPs, and there were no outstanding queries. The EBCC gave its approval for market exit to be completed.

**8.2 Project Overview**

SD provided a review of EU Phase 3 and REMIT

**9. Diary Planning**

The next meeting will take place on Tuesday 19 January 2016 at 10.30 via teleconference

Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

EBCC meetings are scheduled as follows:

Time Date	Venue
10:30 Tuesday 19 January 2016	Teleconference

**Action Table (As of 21 December 2015)**

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
<b>EBC 1001</b>	19/10/15	4.0	EBCC members to review Modification 0560 and provide any concerns to Xoserve.	All	<b>Closed</b>
<b>EBC 1002</b>	19/10/15	7.1	ve to provide a view on the required 9 on-delivery credit limit for parties with ent £10,000 credit limit, for review by Members.	Xoserve (MC)	<b>Closed</b>
<b>EBC 1101</b>	16/11/15	2.1	Xoserve (MC) to construct a draft letter for approval from EBCC members prior to being sent to ICE Endex. Requesting mitigation and contingency planning should Modification 0568 not be implemented, a further understanding of regulatory status and greater clarification around rule 305 and receipt of cash call funds.  MC to meet with National Grid regarding the process for appointing a new Market Operator if required.	Xoserve (MC)	<b>Closed</b>
<b>EBC 1102</b>	16/11/15	4.1	Xoserve to provide a draft letter to EBCC member's prior to issue to Joint Office.	Xoserve (MC)	<b>Closed</b>

**Action Table (As of 21 December 2015)**

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
<b>EBC 1103</b>	16/11/15	4.1	Xoserve (SD) the Modification response for 0541/A/B to be re-drafted in the form of a 'Workgroup Paper' and added to the agenda for the next meeting.	Xoserve (MC)	<b>Closed</b>
<b>EBC 1104</b>	16/11/15	4.1	Xoserve (MC) requested feedback from the Committee Members at the next meeting regarding the Membership Appointment Process of the EBCC.	All Committee Members	<b>Closed</b>