

Energy Balancing Credit Committee Minutes
Monday 22 December 2014
By Teleconference

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office	Non-Voting
Esther Sutton	(ES)	Shipper	Voting
Gavin Ferguson	(GF)	Shipper	Voting
James Hill	(JH)	Shipper	Voting
Lorraine O'Shaughnessy	(LO)	Xoserve	Non-Voting
Mark Cockayne	(MC)	Xoserve	Non-Voting
Sandra Dworkin	(SD)	Xoserve	Non-Voting

Apologies

Dimuthu Wijetunga	(DW)
Gemma Truran	(GT)
Pauline Babb	(PB)

1. Introduction

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

2. Minutes and Actions

LO asked members to note that in the minutes of the November's meeting, the table in 3.3 should list the performance for September and October and not August and September. Members agreed the minutes should be amended and the minutes from the previous meeting were accepted. In addition LO pointed out that action EBC1101 Owner MC Xoserve, should be BF Joint Office. BF agreed.

EBC 0402: Xoserve to write out to all Users with a forecast of Security Values calculated at £14 a therm based on Users peak exposures for previous 12 months.

Update: No further update. LO confirmed that this action would need to be carried forward to the next meeting.

Carried Forward

EBC 1101: Clarify the process for appointing alternatives and if it is possible for each member to nominate more than one standing alternate.

Update: BF confirmed that as Chair he could nominate an alternate to a become a member should they confirm they could no longer attend meetings. BF advised that he had raised the concerns members had about maintaining quoracy at meetings at UNCC and they had confirmed

they were comfortable with the approach of nominating more than one alternate per member. However, provisions should ensure that no more than one person represented a party at meetings and it would also be desirable if members ranked alternates in terms of preference. MC advised that he would write to members to ask them to confirm 2 alternates each and confirm a ranking of 1st and 2nd alternate this would provide clarity as to which alternate would have voting rights should both alternates be in attendance to a meeting at the same time.

Closed

Action EBC 1102: Clarify the process for the appointment of alternates by the emergency EBCC chair.

Update: MC asked for clarity on the action. BF advised that the rules were vague around appointment of alternates. MC suggested that Xoserve and the Joint Office should discuss the action outside of the meeting and report back at the next meeting with revised wording if required.

Carried Forward

Action EBC1103: Discuss with National Grid NTS drafting of modification for Modification 0233V successor

Update: MC advised that National Grid has confirmed that they are willing to support the development of this modification and a further update is to be provided at the next meeting.

Carried forward

3. Operational Update

LO provided the following Operational update for November 2014.

3.1 Cash Call Notices

During November 2014 there were two Cash Call Notices issued, and both were appealed and withdrawn.

3.2 Further Security Requests (FSRs)

There were no FSRs issued during November 2014.

3.3 Settlement

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
October 2014	100%	100%
November 2014	100%	100%

Rolling 12 Months

99.98%

100%

There were no Failure to Pay Notice issued during November 2014.

LO provided advanced warning that there would be 4 Failure to Pay Notices in the December report and these will be discussed in more detail at the next meeting.

4. Modifications

Modification 0521 - Revision of User Admission Criteria to include Transporter verification of its ability to transact with the Applicant User

MC advised that National Grid has raised Modification 0521 and he asked members to note that this modification had been discussed at the last EBCC meeting in November. The Modification Panel determined that it should be issued to consultation, which is due to close out on 16 January with the Final Modification Report being considered at a special Panel meeting on 23 January.

5. Significant Code Review (SCR) Update – Security of Supply

No update provided.

6. Bank Ratings Review

LO provided an update on the current bank ratings review undertaken by Moody's. Two banks had been downgraded from AA1 to A1, Mizuho bank Ltd and Sumitomo Mitsui Banking Corporation, this would have affected 4 Users but due to the available Headroom they remained within tolerance so no action was required.

7. Letter concerning Non Registrable Deposit Deed

LO advised that the Users security had been recalculated following the receipt of additional information and operation over the previous 12 months. No additional security is required and therefore it is proposed to close this topic and remove it from the agenda.

8. Any Other Business

a) Voluntary Discontinuances

MC advised that a party had requested to discontinue, and that they had no recorded activity for a considerable time. National Grid has agreed with their request to leave the market. However, there is a number of small adjustments required and these charges were due for invoicing soon and

if the party was allowed to exit prior to this, there is a risk the value would be smeared across Users. JH wanted to understand why the party cannot wait until the invoices have cleared. MC advised that the party has gone through the process to exit the market and they have no active supply points.

GF felt the process should be allowed to run its course and then the party should be allowed to leave the market. Members agreed to review the situation again at the February meeting

b) New Trader Acceding to Code

MC confirmed that a letter had been sent to members on Friday 19th December regarding a party attempting to accede to code as a Trader, details of which had been discussed at last months EBCC meeting. The party had satisfied all requirements with the exception of Security. They wanted to provide security in the form of a cash deposit, However, Xoserve's Bankers will not process payments due to sanctions in both the US and Europe against Russian organisations and individuals. MC advised that Modification 0521 was raised to provide clarity in this area of the code and had been presented at the December Modification Panel and issued for consultation

MC requested that members review the letter provided by the Acceding User and discussed each of points in the letter which had been drafted by the parties legal advisor.

MC went on to highlight a possibility that a Letter of Credit as a demand guarantee could be used to facilitate payments, although this would require some further development and there would be a need to review the UNC to ensure that there were not any issues with this proposal.

GF asked what decision was being sought by members today and MC advised the following:-

- (1) Are members happy for the User in question to go live
- (2) if the User can demonstrate that payments can be processed by using a Letter of Credit that would not introduce either increased risk or delay to payment would members be supportive of Xoserve working with the organisation to develop this option further.

MC suggested that a response be drafted in reply to the letter received and agreed to issue to members for review prior to its issue. Members supported seeking a view from National Grid legal and asked if the party could demonstrate how they could arrange security and achieve an agreeable process for payments.

c) Changes to Xoserve Representatives

MC advised that Sandra Dworkin would be attending future meetings of EBCC to support the meeting process as Loraine O'Shaughnessy was

moving to the Energy Balancing Invoicing team replacing James Sweeney who will be supporting the UK Link replacement Project in Xoserve. MC also advised that Sarah Blewer would be joining the Credit Team to support the operational activities.

Members thanked Loraine O'Shaughnessy for the support provided to EBCC members and meetings in the past and wished her well with her new role.

Availability over the Festive Period.

LO requested if members could please email the Credit and Risk Team with their availability over the Festive Period.

9. Date of Next Meeting

EBCC meetings scheduled as follows:

Date	Location
Monday 26 January 2015,10:30	Via teleconference
Monday 23 February 2015,10:30	Via teleconference
Monday 30 March 2015,10:30	Via teleconference
Monday 20 April 2015,10:30	Via teleconference
Tuesday 26 May 2015,10:30	Via teleconference
Monday 22 June 2015,10:30	Via teleconference
Monday 20 July 2015,10:30	Via teleconference
<i>[Monday 24 August 2015,10:30]</i>	Via teleconference
Monday 21 September 2015,10:30	Via teleconference
Monday 19 October	Via teleconference

2015,10:30	
Monday 23 November 2015,10:30	Via teleconference
Monday 21 December 2015,10:30	Via teleconference

Action Log – Energy Balancing Credit Committee

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
EBC 0402	30/04/14	5.1	Xoserve to write out to all Users with a forecast of Security Values calculated at £14 a therm based on Users peak exposures for previous 12 months.	Xoserve (MC)	Carried Forward
EBC 1101	24/11/14	2.0	Clarify the process for appointing alternatives and if it is possible for each member to nominate more than one standing alternate.	Xoserve (MC)	Closed
EBC 1102	24/11/14	2.0	Clarify the process for the appointment of alternates by the emergency EBCC chair.	Xoserve (MC)	Carried Forward
EBC 1103	24/11/14	4.0	Discuss with National Grid NTS drafting of modification for Mod 0233V successor	Xoserve (MC)	Carried Forward