

Energy Balancing Credit Committee Minutes

Monday 23 May 2016

Teleconference

Attendees

| | | | |
|----------------------------|------|--------------|-------------------------|
| Bob Fletcher | (BF) | Joint Office | Non-Voting |
| David Holland | (DH) | Shipper | Voting Member |
| Gavin Ferguson | (GF) | Shipper | Voting Member |
| Gemma Truran | (GT) | Shipper | Voting Member |
| John Costa | (JC) | Shipper | Alternate Voting Member |
| Karen Visgarda (Secretary) | (KV) | Joint Office | Non-Voting |
| Mark Cockayne | (MC) | Xoserve | Non-Voting |
| Pauline Babb | (PB) | Shipper | Voting Member |
| Richard Fairholme | (RF) | Shipper | Voting Member |
| Sandra Dworkin | (SD) | Xoserve | Non-Voting |

Apologies

James Hill (JH) Shipper Voting Member

Copies of all papers are available at: <http://www.gasgovernance.co.uk/ebcc/230516>

1. Introduction and Status Review

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

1.1 Approval of Minutes (25 April 2016)

Minutes from the previous meeting were approved.

1.2 Actions

0401: Xoserve (MC) to discuss with National Grid NTS the billing process and timeline for issue.

Update: MC explained meetings had taken place with National Grid NTS in relation to daily billing and no implementation date had yet been formally agreed. Both ICE Endex and National Grid NTS have proposed either 01 July or 01 August and are keen for the process to be correct prior to 'Go Live'. The August implementation date is more realistic, as ICE Endex will be under going an internal systems implementation on 01 July, however, a potential date of 05 July could be explored if necessary. MC will provide a further update when the implementation date has been confirmed. **Carried forward.**

0402: EBCC members to review draft Modification in relation to membership

Update: MC explained that this area would be discussed further in AOB 5.2 below, as greater discussion and investigation was now proposed by the Committee members and as such, this action could no be closed. **Closed**

2. Operational Update

SD provided the operational report for April 2016.

2.1 Cash Call Notices

During April there were 3 Cash Call Notices issued.

2.2 Further Security Requests (FSRs)

During April there were no Further Security Requests issued. The last Further Security Request was in October 2015.

2.3 Settlement

The following performance was reported:

| Month | Payment Due Date | Payment Due Date +2 |
|-------------------|------------------|---------------------|
| March 2016 | 100% | 100% |
| April 2016 | 99.99% | 100% |
| Rolling 12 Months | 99.47% | 100% |

SD explained that there were 2 Failure to Pay Invoice notices issued for March for a value of £3456.41 due to a default allocation issue. There had been a final amendment invoice issued. SD highlighted that the default issue affected all live Users whether they were active or not.

3. Modifications

3.1 Modification 0534 – Maintaining the efficacy of the NTS Optional Commodity ('shorthaul') tariff at Bacton entry points

Available at: www.gasgovernance.co.uk/0534

MC explained that Xoserve were now processing the adjustments manually and additional resources had been employed to complete this task, with the backlog being backdated to November 2015.

BF raised the point that in the UNCC meeting on (19 May 2016) this modification had been under discussion with the concern raised by National Grid NTS that credits had been issued prior to the modification actually being implemented. Post meeting note – A communication went via UK Link committee 31/3/16, however there seems to be a breakdown in communication that the Xoserve Project Team will pick up with National Grid.

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

Available at: www.gasgovernance.co.uk/0541

MC advised that a decision was still be sought from Ofgem, in relation to if this would be undertaken via a systems implementation or an 'off line' solution, with the costs still being analysed. He explained the 'off line' solution was more favourable from both a cost and Gemini operating perspective. MC said he would provide an update once an agreement had been reached.

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

Available at: www.gasgovernance.co.uk/0568

MC advised Ofgem had sanctioned the implementation on 26 April 2016 and that an implementation date was still being progressed.

4. Projects Update

MC explained there were no new updates from the previous meeting in relation to the projects progress, apart from the fact the EU Summer 2016 Release for the Change Process had now been signed off internally and the Daily Read Emergency Curtailment

Quantity (DR ECQ) Project was now on hold until after Nexus, with pre work still being undertaken.

5. Any Other Business

5.1 Voluntary Discontinuances

MC explained that GDF Suez Teeside (TEE) had requested voluntary discontinuance. MC gave a brief outline of the User's activity. All EBCC members determined unanimously agreed that this Shipper could exit the market.

5.2 EBCC members to review draft Modification in relation to membership

RF overviewed the contents of the email that he had sent to the EBCC members in relation to this matter, and expressing concerns in relation to the process. He was concerned about the engagement process and if there was a limit on proposed changes.

He said that he and GF both felt this whole area needed to be discussed and explored in greater depth. He summarised the following areas that should be discussed by a separate sub group, prior to the pre Modification discussion/engagement process.

RF wanted to explore ways of addressing increasing EBCC member numbers without paying suitably qualified parties to attend on a call off basis.

- The process for addressing members resigning and re-appointments.
- Suitable candidates to become EBCC members from both an expertise and experience perspective.
- Potential candidates not to be employees of Shippers or Transporters.
- The re-numeration amount and how that would be funded by the Industry, together with the reasoning for this expense.
- The timeline for a decision – more realistic would be October 2017 to allow comprehensive discussion and analysis to take place.

JC asked if this area had been discussed with Ofgem and what their thoughts were on it. MC said no, at the present time a discussion had not taken place with Ofgem, but he would initiate that conversation. JC said in that case, until that conversation had taken place, it might be practical to wait and ascertain Ofgem's overall viewpoint, especially with regards to the expense and impact on the consumers.

JC also proposed that an avenue to possibly explore might be to instruct Shippers to nominate a representative from their Credit Teams, in order to ensure 9 permanent members were on the EBCC.

BF suggested that the most practical approach would be to provide a high-level overview presentation at the Transmission Workgroup on 02 June 2016 to gauge the Workgroups opinions. Then collate the Workgroups feedback to build the draft modification in readiness for the July Transmission meeting and for the pre modification process.

General discussion took place and all members agreed. RF and MC confirmed they would produce some high-level slides for the Transmission Workgroup, with RF presenting them at the meeting; this may enable the submission of modification to the June Panel or it being presented as a draft at the July Transmission Workgroup.

It was also agreed a sub group face to face meeting could be arranged to discuss this item on on-going basis with RF, GF and JH attending in person with PB and JC available to review material remotely.

EBC 0501: Xoserve (MC) to speak with Ofgem (JD/TF) to understand Ofgem's thoughts and next steps.

EBC 0502: Uniper (RF) & Xoserve (MC) to produce high-level slides to be discussed at the Transmission Workgroup on 02 June 2016 under 'Any Other Business'.

EBC 0503: Xoserve (MC) Confirmation of first Sub Group meeting to be held in London or Windsor, date and venue to be confirmed.

6. Diary Planning

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

EBCC meetings are scheduled as follows:

| Time Date | Venue |
|---------------------------|----------------|
| 10:30 Monday 27 June 2016 | Teleconference |
| 10:30 Monday 25 July 2016 | Teleconference |

Action Table (23 May 2016)

| Action Ref | Meeting Date(s) | Minute Ref | Action | Owner | Status Update |
|----------------|-----------------|------------|---|----------------------------|------------------------|
| EBC 401 | 25/04/16 | 3.3 | Xoserve (MC) to discuss with National Grid the billing process and timeline for issue. | (MC) Xoserve | Carried forward |
| EBC 402 | 24/04/16 | 3.1 | EBCC members to review draft Modification in relation to membership | EBCC members | Closed |
| EBC 501 | 23/05/16 | 5.2 | Xoserve (MC) to speak with Ofgem (JD/TF) to understand Ofgem's thoughts and next steps. | Xoserve (MC) | Pending |
| EBC 502 | 23/05/16 | 5.2 | Uniper (RF) & Xoserve (MC) to produce high-level slides to be discussed at the Transmission Workgroup on 02 June 2016 under 'Any Other Business'. | Uniper (RF) & Xoserve (MC) | Pending |
| EBC 503 | 23/05/16 | 5.2 | Xoserve (MC) Confirmation of first Sub Group meeting to be held in London or Windsor, date and venue to be confirmed. | Xoserve (MC) | Pending |