

Energy Balancing Credit Committee Minutes

Monday 26 September 2016

Teleconference

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office	Non-Voting
Helen Cuin (Secretary)	(HC)	Joint Office	Non-Voting
David Holland	(DH)	Shipper	Voting Member
Gavin Ferguson	(GF)	Shipper	Voting Member
James Hill	(JH)	Shipper	Voting Member
Pauline Babb	(PB)	Shipper	Voting Member
Richard Fairholme	(RF)	Shipper	Voting Member
Mark Cockayne	(MC)	Xoserve	Non-Voting
Sandra Dworkin	(SD)	Xoserve	Non-Voting

Apologies

Gemma Truran	(GT)	Shipper	Voting Member
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Copies of all papers are available at: <http://www.gasgovernance.co.uk/ebcc/260916>

1. Introduction and Status Review

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

1.1 Approval of Minutes (25 July 2016)

The minutes were approved.

1.2 Actions

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

Update: Discussions have been deferred until a decision has been made on whether to proceed with a modification, considering six EBCC members were nominated from 01 October 2016 and this was similar to previous years. **Carried forward.**

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

Update: Item deferred. **Carried Forward.**

2. Operational Update

SD confirmed provided the operational report for August 2016.

2.1 Cash Call Notices

During August there were 2 Cash Call Notices issued, one had been paid in full and the other was appealed and withdrawn.

2.2 Further Security Requests (FSRs)

During August there were no Further Security Requests issued.

2.3 Settlement

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
June 2016	100%	100%
July 2016	99.98%	100%
August 2016	100%	100%
Rolling 12 Months	99.50%	100%

No failure notices in August.

3. Modifications

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

Available at: <http://www.gasgovernance.co.uk/0568>

MC confirmed that the modification had been implemented on the 01 August 2016 and daily billing has been in operation as expected.

MC highlighted there was one payment issue where the bank account used for payment had been linked to also cover bank charges and a payment of bank charges resulted the account having insufficient funds. He confirmed that the link between the accounts has now been separated to prevent this situation re-occurring. He also confirmed that ICE Endex and National Grid are considering how the account is operated and the escalation route for issues.

GF asked if Xoserve could provide an update next month on any additional operational arrangements that have been discussed/agreed.

Action EBC 0901: Xoserve to provide an update on the Invoice Payment escalation route with ICE Endex and National Grid.

3.2 Modification 0587 – Seasonal Energy Balancing Credit Cover

Available at: www.gasgovernance.co.uk/0587

SD explained that the modification proposed to introduce a Winter/Summer profile for security requirements had been further amended.

BF confirmed the modification had been issued for consultation on 15 September and this will close on the 06 October 2016. A proposed ACS had also been published at: <http://www.gasgovernance.co.uk/proposedACS>

RF enquired if the EBCC were planning to submit a representation. MC confirmed there was no current intention to submit a representation.

MC explained that the current rules do allow shippers to have different profiles however the modification adds further clarity. He understood that the EBCC were broadly supportive of the proposal. The committee discussed the communications, notice periods and timeframes within the process and there should be no surprises when increased credit limits are requested. MC also provided re-assurance that the cash call process is enacted very promptly.

4. Project Updates

MC provided an update on the key projects Xoserve are involved in:

UAIC Project – an update on this project is anticipated next month.

Hive across and Sale of National Grid Distribution – Xoserve are working with National Grid to assess the UNC process required, along with SAP access for the management of invoices and interim provisions.

UNC Funding, Governance and Ownership (FGO) – Workgroup 0565 is making progress, Xoserve have been working close with Dentons to put together a set of credit rules and the principles of the DSC Credit Committee. BF also noted that FGO implementation was originally planned when Project Nexus was going live or after, however it will now be implemented ahead of Project Nexus, so the legal text will need to tie into the current UNC and the post Nexus impacts will need to be assessed and developed soon after the current version concludes.

5. Any Other Business

5.1 OCM Balancing Charges to Neutrality

MC confirmed that the OCM balancing charges and arrangements changed on 24 February 2016, when the UK OCM spot gas market switched from using APX to ICE Clear for settlement and clearing services.

MC confirmed that National Grid trades on the OCM for the purposes of both balancing and shrinkage. As a result there has been a change in the balancing related OCM charges, which affects the cost pass through to neutrality.

MC confirmed a number of different charges are split between balancing and shrinkage. Variable costs are split based on actual trade volumes and fixed costs will be split 50:50.

Some balancing costs, relating to provision of security/collateral, are rechargeable to neutrality under UNC TPD F4.5.3(a)(vii). Following the change to the OCM clearing model, National Grid has reviewed the charges to be passed to neutrality. The Clearing Member's Credit and Account Management Fee will be recharged, back to 24 February 2016.

MC confirmed that the balancing costs are now lower for shippers as a result of the new OCM clearing model.

JH enquired about the recovery of charges. MC confirmed that costs have not been passed on. MC confirmed that it has become visible that the charges haven't been recovered and these will be recovered

Action EBC0902: Xoserve to provide clarity on the values provided within the presentation and confirmation on the recovery of the OCM balancing charges

5.2 IEP Implementation

MC confirmed there have been some issues from the implementation of the change with systems, as a result some incorrect data was found in Gemini. Essentially this resulted in some negative allocation in the back end of July, a couple of days in August and one day in September where incorrect CVs have been assigned. Gemini is working correctly but the incorrect data within Gemini needs to be corrected, and the appropriate route for the adjustments needs to be considered.

GF asked if there would be a need for manual adjustment process to take into account D+5, the treatment of Cash-Out prices, and the RbD cash-out prices

MC confirmed that the commodity invoice has been issued with the discrepancies identified; a communication was also issued with the adjustment invoice. MC clarified that Xoserve are still looking at the issue from an energy balancing perspective and system functionality. In energy terms the reconciliation invoice will correct the energy, however ongoing discussions are taking place and an update will be provided.

5.3 Voluntary Discontinuances

SD provided the details of one Voluntary Discontinuance:

Credit Suisse International, Shipper Short Code: CSI

The committee members approved the Voluntary Discontinuance.

5.4 Nominations for EBCC

MC confirmed that the appointments had been confirmed and information of the members was available at: <http://www.gasgovernance.co.uk/elections>

EBCC

Adam Lane (British Gas)
Colette Baldwin (E.ON)
Gemma Truran (RWE npower)
James Hill (EDF Energy)
Pauline Babb (SSE)
Richard Fairholme (Uniper)

GF confirmed that he would be standing down as an EBCC members and that this was his last meeting. On behalf of the committee, MC thanked GF for his past contributions and attendance at EBCC, which had proven to be invaluable to the successful running of the committee.

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 24 October 2016	Lansdowne Gate, 65 New Road, Solihull, B91 3DL
10:30 Monday 28 November 2016	Teleconference
10:30 Monday 19 December 2016	Teleconference

Action Table (26 September 2016)

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
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)	Carried Forward
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)	Carried Forward