

**Energy Balancing Credit Committee Minutes**  
**Friday 28 February 2014**  
**via teleconference**

**Participants**

Bhavna Mannan	(BM)	Shipper	Voting
Bob Fletcher (Chair)	(BF)	Joint Office	Non-Voting
David Holland	(DH)	Shipper	Voting
David Trevallion	(DT)	Shipper	Voting
John Costa	(JC)	Shipper	Voting
James Hill	(JH)	Observer	Non-Voting
Loraine O'Shaughnessy	(LO)	Xoserve	Non-Voting
Mark Cockayne	(MC)	Xoserve	Non-Voting

**Apologies**

Dimuthu Wijetunga	(DW)	Shipper
Esther Sutton	(ES)	Shipper
Gavin Ferguson	(GF)	Shipper

**1. Introduction**

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

**2. Minutes and Actions**

The minutes from the previous meeting were accepted.

**EBC1002 Future Failures 'outside Europe'** - Consider how to manage foreign exchange (FX) risks/exposures going forward

**Update:** MC asked members to note that a meeting is still to be arranged with Xoserve's Treasury colleagues and that they should be able to present an update soon after the meeting. The meeting has been delayed to recent changes in personnel in the Treasury department. **Carried Forward**

### 3. Operational Update

LO provided the following Operational update for January 2014.

#### 3.1 Cash Call Notices

During January 2014 there were 2 Cash Call Notices; both were appealed and withdrawn.

#### 3.2 Further Security Requests (FSRs)

There were no FSR issued during January 2014.

#### 3.3 Settlement

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
December 2013	100%	100%
January 2014	100%	100%
Rolling 12 Months	99.90%	100%

There were 3 Failure to Pay Notice issued during January 2014, which were paid. This did not impact the overall cash collection performance due to the very low values involved (total for the 3 FtPNs was around £500.00 which did not impact the % performance as the total collected was in excess of £50m).

### 4. Modifications

An update was given on the status of the modifications of interest to the EBCC; of particular note were:

#### 4.1 Modification 0474S – Inclusion of the guidelines relating to the “Customer Settlement Error Claims Process” within UNC governance

MC advised that draft business rules and UNC guidelines have been developed and that these had been circulated. Discussions were still needed to develop an internal process between Xoserve’s Energy Balancing Invoicing team and the Neutrality Finance Team in order to ensure energy adjustments are processed during the correct period as claims under this process are beyond the line in the sand.

#### 4.2 Market Operator Security Provisions

MC asked members to note some progress has been made since the last update and that that Market Operator has advised them that they were going

through their internal approval process and the engrossed copy is being prepared for approval.

## **5. Significant Code Review Update – Security of Supply**

MC advised that the likely implementation date for the recommendations in the SCR is October 2015 and that operating procedures would need to be in place prior to this date. Work was in progress to understand the likely impacts on systems, although an offline database would need to be developed to manage the process.

JC advised that the compensation arrangements have been adjusted and the impacts would be smeared across the pot on a pro rata basis; this would include outstanding amounts for defaulting Shippers. The compensation rate had been reduced from £20 to £14. However, due to the inclusion of the auction for the release of capacity, the rate is now effectively uncapped and this increases the risks of failures for all market participants.

MC advised that they were currently reviewing the rules to understand how they would respond in such an emergency, this included assessing what rules should/should not be applied in such circumstances, how to prioritise the process and how EBCC would operate.

## **6. Bank Ratings Review**

MC advised that there were no additional changes to ratings this month. Xoserve had put together a summary of the position in respect of the organisations providing security and these had been circulated to members previously.

MC asked members to note the outlook is much better than it had been in the previous 12 to 18 months.

DT advised that Energy UK were undertaking a review of credit arrangements for all energy sectors and it may be useful for members and Xoserve to participate. MC advised that they had cooperated with both Cornwall Energy and Energy UK recently to provide information on how the rules were applied for Gas and he was willing to consider participating and adopting recommendations should they prove of benefit.

## **7. Any Other Business**

### **7.1 Mod 0640 Adjustments**

MC advised that the Mod 0640 adjustments were in the process of being prepared. Those that would trigger a cash call notice were being identified so that parties would be given as much notice as possible. The values this year were larger than in previous years due to a number of sites having an AQ value of 1 being adjusted up.

**8. Date of Next Meeting**

The next EBCC meeting will take place via teleconference, starting at 10:30 on Friday 28 March 2014.

Members agreed to consider their availability for a face to face meeting on Wednesday 30 April in Solihull.

**Action Log – Energy Balancing Credit Committee**

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
<b>EBC1002</b>	25/10/13	6	<i>Future Failures 'outside Europe'</i> - Consider how to manage foreign exchange (FX) risks/exposures going forward.	Xoserve (MC)	<b>Carried Forward</b>