

# Energy Balancing Credit Committee Meeting 20 August 2010

by Teleconference

## Participants

### Joint Office (Non voting)

Bob Fletcher (BF) Chair

### xoserve (Non voting)

Mark Cockayne (MC)

### Shippers (Voting)

Gavin Ferguson (GF)

Richard Fairholme (RF)

Richard Street (RS)

Naomi Anderson (NA)

### Observer (Non voting)

Centrica

E.ON UK

Corona Energy

EDF Energy

### Ofgem (Non voting)

### Apologies

John Costa

Tabish Khan

EDF Energy

Ofgem

## 1. Introduction

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

## 2. Minutes and Actions from the Previous Meeting

### 2.1 Minutes

The minutes of the 19 July 2010 meeting were accepted.

### 2.2 Action EBC 07/01: xoserve to assist with the amendment of modification UNC0315.

**Action update:** Assistance provided and update proposal issued.

**Completed.**

**Action EBC 07/02:** All members to advise xoserve of any planned absence to assist with planning any emergency meetings.

**Action update:** Information received. **Completed.**

## 3. Operational Update

MC provided the following Operational update for July 2010:

### 3.1 Cash Call Notices:

During July 2010, 2 Cash Call Notice were issued, one was paid in full and one was appealed and subsequently withdrawn.

### 3.2 Further Security Requests:

There were no Further Security Requests (FSRs) issued during June 2010.

### 3.3 Settlement:

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
June 2010	100%	100%
July 2010	100%	100%
Rolling 12 Months	99.73%	100%

## 4. Modification Proposals

### 4.1 Alternative to UNC 0233 - Changes to Outstanding Energy Balancing Indebtedness Calculation

MC advised this proposal is on hold until licence changes are made and understood.

### 4.2 Proposal 0315 - To Enhance Section X of the UNC Transportation Principal Document to improve the Energy Balancing Further Security Process

MC gave a presentation to Transmission workstream and the additional Panel meeting. The Proposal is currently out at consultation closing on 26 August 2010. Panel requested a copy of the Energy Balancing Credit Rules (EBCR) prior to reviewing the Final Modification report.

RF raised a concern about the early representation from one User. MC advised the key points to User's representation were:

- i) Small Suppliers are placed at a disadvantage, as they do not have access to Parent Company Guarantees (PCG) which larger Supplier do.
- ii) Restricted cashflow is probably the most important factor affecting the success or otherwise of a new company. Having cash tied up in security cover has meant that we have less cash to allocate to other issues which could improve the efficiency, stability and growth of the business.
- iii) Where the proposal requires for the provision of extra security it is needed for a full 12 months. The User's concerned stated that, they were able to reduce their indebtedness within 2 months so it would be unfair to impose the additional security requirements for a further 10 months.

GF felt that there is a risk to new entrants that if other parties fail they will need to pick up costs associated with failure of others and they should be made aware of this. RS confirmed he had spoken to other smaller Suppliers and they were comfortable with the proposal as it stands as it provides them with a level of additional security against the failure of others.

MC took an action to speak to User concerned and Ofgem to ensure they understand the associated risks, which the proposal aims to address. MC confirmed that PCGs are not accepted as credit guarantees for energy balancing purposes, so this is not a valid argument. RS agreed and felt it is down to the new entrant to ensure they have sufficient funding to meet any issues.

**New Action EBC08/01:** MC to speak to User concerned and Ofgem to explain the associated risks the Proposal 0315 is attempting to address.

## **5. Any Other Business**

### **Lehman's Update**

MC advised that xoserve had instructed Skaddens to get the claim agreed with the administrators. A meeting is to be arranged with Skaddens to provide evidence of how the debt was incurred and its validity to support the claim.

### **Non Registerable Deed of Deposit**

MC confirmed that xoserve's is to issue the draft deposit deed to the EBCC in the next few days for comment, prior to seeking approval to implement. . Once the deposit deed is approved the EBCR will need to be reviewed to ensure they make the deposit deed compulsory for those who use cash as security. The aim is to implement the amended rules effective from 1<sup>st</sup> October 2010.

## **6. Next Meeting**

The next meetings:

17 September 2010 by Teleconference commencing at 15:00hrs.

**Action Log – Energy Balancing Credit Committee: 20 August 2010**

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
EBC 07/01	19/07/10	4.2	xoserve to assist with the amendment of modification UNC0315.	xoserve (RC)	Completed
EBC 07/02	19/07/10	5.0	All members to advise xoserve of any planned absence to assist with planning any emergency meetings.	All	Completed
EBC 08/01	20/08/10	4.2	Speak to relevant User and Ofgem to explain the associated risks the Proposal 0315 is attempting to address.	xoserve (MC)	Pending