

Energy Balancing Credit Committee Minutes
Friday 25 January 2013
By Teleconference

Participants

Joint Office (Non voting)

Bob Fletcher (BF) Chair

Xoserve (Non voting)

Lorraine O'Shaughnessy (LO)

Mark Cockayne (MC)

Sam Moody (SM)

Shippers (Voting)

David Trevallion (DT)

David Holland (DH)

Dimuthu Wijetunga (DW)

Gavin Ferguson (GF)

John Costa (JC)

Richard Fairholme (RF)

Observers

Ofgem Representative

Apologies

1. Introduction

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

2. Minutes and Actions

2.1 Minutes

Members had no comments on the minutes from the previous meeting.

2.2 Actions

No outstanding actions to review.

3. Operational Update

LO provided the following Operational update for December 2012.

3.1 Cash Call Notices

During December there were 7 Cash Call Notice issued, 2 were paid on the due date and 5 were appealed and withdrawn.

3.2 Further Security Requests (FSRs)

There were no FSRs issued during December 2012.

3.3 Settlement

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
November 2012	100%	100%
December 2012	100%	100%
Rolling 12 Months	99.73%	100%

MC added that this is the highest ever performance reported for the rolling 12 months and advised that 5 out of the last 12 months were reported at 100% collected on the payment due date.

No Failure to Pay Notices were issued in December 2012.

Members acknowledge the performance and thanked Xoserve for their proactive efforts in maintaining performance over the early winter period.

4. Modifications

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

4.1 Modifications 0395 and 0398 - Limitation on Retrospective Invoicing and Invoice Correction

MC advised that Ofgem has published a minded to letter requesting representations by 25 January 2013. Ofgem were considering rejecting Modification 0398 and implementing Modification 0395.

MC reminded members that there is a risk should Modification 0395 be implemented that it may potentially prevent the payment of the Lehman's dividends to the community as this may be after the line in the sand.

4.2 Modification 0410 0410A - Responsibility for gas off-taken at Unregistered Sites following New Network Connections

MC advised that Modification 0410 is proposing a neutrality pot method that is outside the neutrality arrangements for energy balancing purposes. There were concerns about the cost and management of such process, as it may prove expensive to administer. There were potential impacts on the AUG process.

4.3 Modification 0429 - Customer Settlement Error Claims Process

MC explained that the intent of the modification is to introduce an error claims process which would be outside the line in the sand. Should Modification 0395 be implemented, the period of potential claims would be extended.

Any adjustments as a result of a claim would flow through energy balancing and be smeared through neutrality rather than RbD. It is proposed that this adjustment would take place at the time of the claim and not the month the error applies too so would be processed via charge type CNU. This could impact new entrants to the market, as they would be liable to a risk they are not aware of.

GF asked if this is likely to allow manipulation of the market in favour of the party reporting the error. MC felt this may be possible due to the lack of validation proposed in the process.

GF asked if the EBCC should respond to this modification. MC felt this should be down to individual members to consider. DT was in favour of an EBCC response to highlight the associated risks.

New Action EBC/0101: MC to draft an EBCC view on the risks presented in the modification for review by members prior to submission to Workgroup 0429.

4.4 Draft Modifications

MC advised that currently 3 draft modifications were being developed in conjunction with National Grid:

Draft Mod 1 - provision is being made to reduce the risk highlighted in 4.1 above by excluding monies such as Lehman's dividends from the line in the sand provisions.

Draft Mod 2 – aimed at aligning section X and Section V of UNC.

Draft Mod 3 – is proposing to amend GRE to refer to the correct version of the rules.

5. Significant Code Review

JC advised that 3 workshops were being planned by Ofgem following the receipt of representations to the SCR consultation.

It is likely that the 2nd meeting on 18 February will focus on neutrality and the impacts of VoLL.

6. Bank Ratings Review

MC advised that there were no significant changes to Bank ratings, though vigilance is being maintained.

7. Lehman's- Update

MC advised that initially 3 banks were interested in quoting for the Lehman's debt, although now only 2 were being pursued.

Documentation is virtually complete and it is anticipated that they may be ready to trade early w/c 28/1/13.

National Grid Treasury advised that the market is fluid and the quote could be anywhere between 25% and 29% of the value of the outstanding claim. However, National Grid Treasury is proposing that a minimum price is accepted by EBCC at this time and this will allow them more flexibility when seeking to trade the claim. Therefore MC was requesting authorisation from the EBCC to agree on a minimum value.

DT asked what the outstanding value is. MC advised that remaining debt is £4.9m (\$7.8m) therefore if the minimum value of \$4m was agreed this would equate to a value \$2.5m being recovered at the lower rate, though this may be improved upon.

GF felt it was a pragmatic solution to manage the position going forward and that it would bring the issue to a conclusion. DT agreed as the recovered debt would amount to around 75% of the total claim.

Members unanimously determined the \$4m should be the agreed lower value requested by National Grid Treasury.

8. Gemini Replatforming

MC advised that implementation is still on target for June 2013. User Acceptance Testing was very positive and Performance testing is currently underway.

MC advised that Readiness testing and User confidence testing were also being planned and will include connectivity and functional testing. MC asked members if they could nominate representatives as contacts for testing.

New Action EBC01/02: Members to nominate contacts for confidence and readiness testing for Gemini replatforming.

Formal updates are being presented through the UK link committee meetings.

9. Customer Satisfaction Review

An annual meeting is to be arranged to discuss these points going forward and it was agreed to remove the item from the agenda. It was agreed that April's meeting could be a face to face meeting.

10. Any Other Business

10.1 Special Supply Company Administration Rules

RF advised that further consultation from DECC had been launched at the Gas Forum and enquired if members had received any details for discussion of the impact. Members advised they had not been informed and RF advised he would forward details of the consultation.

10.2 APX - ENDEX

Modification 0444 – Changes to reflect demerger by APX of OCM Trading System Operator from the Trading System Clearer has been raised and has been issued for consultation.

MC advised that a meeting has been arranged with National Grid Legal for 31 January to discuss the prepayment mechanism with APX and an EBCC meeting would be arranged soon after to discuss progress.

10.3 Small Value Invoices

MC advised that there were rounding issues on invoices which resulted in small value discrepancies and was seeking guidance NOT to issue a Failure to Pay Notice for small values and agree if they remain unpaid that they would flow through to neutrality via the finance adjustment if the item remained unpaid at m+2.

GF asked what value was being proposed. MC proposed a maximum value of £5.00. GF felt this would be an improvement and further improve efficiency.

Members determined unanimously to agree to a change of process so that invoices with a value less than £5.00 would not generate failure to pay notices and should be smeared back through neutrality via the finance adjustment.

10.4 Voluntary discontinuances

LO presented details of 2 organisations that wanted to leave the

market.

Members confirmed they had no interests in the organisation presented and unanimously determined that the parties should be allowed to discontinue.

10.5 EU update

SM advised the European Network Code on Energy Balancing Article 36 (4) required energy balancing credit rules to be approved by a National Regulatory Authority. Enquiries are due to be made with Ofgem via National Grid to confirm whether this refers solely to Section X UNC or if this will require a change to the EBCC governance of the Energy balancing Credit Rules.

11. Date of Next Meeting

The next EBCC meeting will take place via teleconference on Friday 01 March 2013 at 10.30.

Action Log – Energy Balancing Credit Committee

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
EBC0101	25/01/2013	4.3	Draft an EBCC view on the risks presented in the modification for review by members prior to submission to Workgroup 0429.	Xoserve (MC)	Pending
EBC0102	25/01/2013	8.0	Nominate contacts for confidence and readiness testing for Gemini replatforming.	EBCC (All)	Pending