

**Energy Balancing Credit Committee Minutes**  
**Friday 27 July 2012**  
**via teleconference**

**Participants**

**Joint Office (Non voting)**  
Bob Fletcher (BF) Chair

**Shippers (Voting)**  
David Holland (DH)  
David Trevallion (DT)  
Gavin Ferguson (GF)  
Richard Fairholme (RF)

**Xoserve (Non voting)**  
Mark Cockayne (MC)  
Loraine O'Shaughnessy (LO)  
  
Sam Moody (SM)

**Observers**

**Ofgem Representative**

**Apologies**  
Adhir Ramdarshan  
John Costa  
Jon Wisdom

**1. Introduction**

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

**2. Minutes and Actions from the Previous Meeting**

**2.1 Minutes**

Following an amendment to the operational update, the minutes from previous meeting were approved.

**2.2 Actions**

**Action EBC 03/05:** Provide their availability to attend additional meetings between June and October.

**Update:** LO confirmed members have provided their availability and she asked them to be mindful of future absences they may have planned so that they can be recorded. **Closed**

**3. Operational Update**

MC provided the following Operational update for June 2012.

**3.1 Cash Call Notices**

During June there were 2 Cash Call Notices issued and 2 were paid on time.

**3.2 Further Security Requests (FSRs)**

No Further Security Request were issued during June 2012.

**3.3 Settlement:**

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
May 2012	99.51%	100%
June 2012	100%	100%
Rolling 12 Months	99.31%	100%

**4. Modifications**

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

MC advised that there was no further update until SCR is completed. Potential impacts of the SCR were being considered and would factor into the revised modification.

**4.2 0429 - Customer Settlement Error Claims Process**

MC advised that this modification is being reviewed and that it highlights an inequity between the Limitations Act and UNC. Shippers were exposed to claims from consumers for a minimum of 6 years after their discovery but they have no redress under UNC due to the line in the sand. This would cause greater disparity should either 0395 or 0398 be implemented due to the reduction in the line in sand.

MC highlighted a number of issues raised in the modification and the potential impacts on settlement and neutrality. The proposal raises a number of points that need members consideration and could be deemed as potentially creating a barrier to entry as new entrants would be exposed to claims dating back prior to their entry. Using average SAP for the month the claim is upheld may be problematic, as it may not bear any relation to the value SMP when the issue actually occurred in addition as all adjustments for

neutrality are currently based on SMP this may require system changes to accommodate. It would also cause inequality for Users, as the smearing is by reference to market position in the recovery month which will be different from that at the time of the error and have potential impact on the recovery of debt from terminated Users

DT asked if new entrants could be screened out. MC advised this was not possible and explained how the neutrality process operates in the systems.

#### 4.3 **0415 - Revision of the Gas Balancing Alert Arrangements**

MC advised that Modification 0415 is out for consultation and that a the ROM for the SCR has been produced using the revised triggers levels.

#### 4.4 **Trading System Operator**

MC advised that EBCC members were not able to sponsor the modification and neither are National Grid NTS. However, a review of UNC had indicated that a modification may not be needed as the trigger requires an EBCC meeting to be called but does not mean sanctions have to be applied.

MC still considered the deposit deed as the most appropriate way to manage the TSO accounts. He advised that the implications of VAT need to be reviewed due to payments being made into the cash call account – although the TSO was not subject to VAT in the same way as other Users.

The TSO had previously suggested using an escrow regime for credit rather than insurance as they had previously used. Neither was considered desirable.

Members expressed a preference for a deposit deed to be in place and that Xoserve should pursue this approach.

Members were comfortable with being notified and holding a meeting when the 60% trigger has been breached and then deciding whether action is required or not.

**New Action EBC 0701** - MC to re open discussions with the TSO with a view to getting a deposit deed put in place.

#### 4.5 **Modifications 0395 and 0398**

BF advised that ICoSS had submitted a report to the UNC Panel and that the modifications had been sent back to Workgroup for assessment. The next meeting is to be held on 08 August 2012.

**5. Significant Code Review Update.**

MC advised that no further updated is available, though an impact assessment is being prepared.

**6. Bank Ratings**

SM advised that the outlook for banks in Germany, Luxemburg and Belgium is down and that this may lead to downgrades in future. Thirteen Italian banks have been downgraded recently but there was no direct impact on Users. Two Users were directly impacted following the downgrading of the London branch of Santander. Overall Users are effectively replacing their Security and only a few remain outstanding.

MC advised that a meeting has been held with the National Grid credit team to discuss the approach to the current banking issues to ensure the right approach was being adopted. The exercise had proved to be useful and confirmed the proactive approach was the most appropriate way forward.

SM to provide an update at the next EBCC meeting on 28 September.

**7. Energy Balancing Credit Rules**

SM advised that the draft has been published for comments. Members felts that the new style was an improvement and that it was clearer to the reader.

RF asked what the blue boxes were for; it was not clear to the uninformed reader what they wee intended to do. SM agreed to review the comments and provide an amended version for implementation.

**New Action EBC 0702** – SM to published an amended final version of the EBCR by 01 August with an implementation of 01 October 2012.

**8. Lehmans**

MC confirmed Waiver agreements have been issued to Deutsche Bank 25, Barcap 27, RBS 30 and their responses were awaited. A meeting will be arranged once the responses have been received. MC noted that there was delay in response from RBS and that this may indicate RBS does not intend to continue.

MC confirmed that VAT is not applicable to the recent dividend payment and that the full payment will be smeared back.

**9. AOB**

**9.1 Emergency Meetings**

MC asked for feedback on the recent emergency meeting and whether

sufficient information was available to make a decision. Members were happy with the approach and the information received. MC thanked members for their continued support.

#### 10. Date of Next Meeting

The EBCC meeting will take place at 31 Homer Road, Solihull B91 3LT:  
Friday 28 September 2012 at 10.30.

#### Action Log – Energy Balancing Credit Committee

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
EBC 03/05	25/05/12	6.3	Provide their availability to attend additional meetings between June and October.	All	Closed
EBC 0701	27/07/12	4.4	Re open discussions with the TSO with a view to getting a deposit deed put in place.	Xoserve (MC)	Pending
EBC 0702	27/07/12	7.0	Published the amended final version of the EBCR by 01 August with an implementation of 01 October 2012.	Xoserve (SM)	Pending