

Energy Balancing Credit Committee Minutes
Friday 23 November 2012
By Teleconference

Participants

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

Shippers (Voting)
David Holland (DH)
David Trevallion (DT)
Richard Fairholme (RF)

Xoserve (Non voting)
Loraine O'Shaughnessy (LO)
Mark Cockayne (MC)

Observers

Ofgem Representative

Apologies
Adhir Ramdarshan
Dimuthu Wijetunga
Gavin Ferguson
John Costa

1. Introduction

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

2. Minutes and Actions

2.1 Minutes

MC asked for the following amendments to the minutes:

Item 7.0 Lehman's Update – the update should advise that the payment was due and not that it had been received.

Item 8.1 Final Dividend Payment – the cut off should be 5 years and not 4 years.

Members noted the corrections and the minutes from the previous meeting were then approved.

2.2 Actions

Action EBC 0903: MC to discuss concerns raised by EBCC members. **Update:** MC advised that it is not the intention of the project to run systems in parallel. However, a number of outage windows were planned and these included roll back scenario planning. All UAT was completed and no new issues were

identified with regard to functionality. Updates will be provided on a regular basis. DT asked for implementation timescales and MC confirmed implementation was planned June 2013. Members requested that the item should be included on future meeting agendas so that regular updates could be provided. **Completed.**

3. Operational Update

LO provided the following Operational update for October 2012.

3.1 Cash Call Notices

During October there were 5 Cash Call Notices issued, 3 were paid on the due date and 2 were appealed and withdrawn.

3.2 Further Security Requests (FSRs)

No FSRs were issued during October 2012.

3.3 Settlement

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
September 2012	99.93%	100%
October 2012	99.91%	100%
Rolling 12 Months	99.34%	100%

There were 2 Failure to Pay Notices issued which were satisfied.

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

BF reported that Ofgem had advised that a document relating to a minded to decision for these modifications would be issued sometime in the next few weeks.

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

BF advised that the legal drafting and ROM were still being developed for Modification 0410.

4.3 Draft Modification

MC advised that no further update progress has been made other than National Grid NTS is progressing the drafting and that the modifications are tied in with the SCR.

5. Significant Code Review

MC confirmed that Ofgem had published the non-confidential responses to the SCR and of 21 received, 17 opposed the SCR recommendations. Many were concerned with the credit impacts as these had not been fully explored and highlighted the fact that the SCR does not resolve the issues it was designed to address, as the recommendations were reactionary.

6. Bank Ratings Review

No significant changes to ratings have been notified. Recent downgrading of France's sovereign rating has potential to impact 13 organisations. These have been contacted so that they can consider mitigation.

7. Lehman's - Update

MC advised an additional dividend payment has been received for around £400k and this will be smeared back through the Neutrality account. No further progress has been made on the sale of the claim, though an update should be available soon. The 3 banks advised previously are still showing interest in the sale of the debt.

8. Any Other Business

8.1 Final Dividend Payment

LO advised that the final dividend payment for IEU for £61,504 has been received and the monies were transferred to the Neutrality account. This is due to the timescales as the debt cannot be smeared due to the 5 year cut off date and its is hoped this will be resolved once the draft modification aimed at correcting this situation has been progressed.

8.2 Voluntary Discontinuances

MC advised that there was 1 Voluntary Discontinuance for shipper short code LDF request and there were no outstanding payments or activities on their account.

Members approved the Voluntary Discontinuance request.

8.3 APX - ENDEX

LO advised that a meeting has been planned with APX to discuss security provisions for 14 December. MC advised that APX were making payments to the cash call account, that said APX are concerned about the deposit deed and agreeing to the terms in the agreement as this would cause them significant operational issues. APX were considering offering prepayments to their account. MC advised prepayments have been used as security by other organisations in the past and they were considering how the process would work.

MC thought prepayments would require a change to the credit rules to allow preferential use and asked for comments. Members agreed it would be a useful option to consider as an additional form of security.

8.4 River Barle

MC advised that River Barle has confirmed that no other storage injections will take place prior to May 2013 and a meeting has been planned with them for March 2014 to discuss arrangements for next year.

8.5 Credit Rules

LO advised a number of cosmetic errors have been identified within the recently amended Credit Rules and these were to be corrected. Members will be issued with an amended version for review and comment prior to publication. MC requested that the two month notice period be waived as these were only cosmetic changes, members agreed unanimously.

8.6 Customer Satisfaction

MC thanked members for their participation and comments. A number of improvements have been suggested and these were to be addressed over time.

MC asked members if they could consider their views on improvements prior to the next meeting and in particular those related to:

- strategy;
- adding value; and
- quality of deliverables.

9. Date of Next Meeting

The next EBCC meeting will take place via teleconference on Monday 17 December 2012 at 10.30.

Action Log – Energy Balancing Credit Committee

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
EBC 0903	28/9/12	10	MC to discuss concerns raised by EBCC members with regards to GRP contingency arrangements post implementation	Xoserve (MC)	Closed