

**ENERGY BALANCING CREDIT COMMITTEE MEETING**  
**20<sup>th</sup> December 2012 at 2pm**

**Participants**

**Xoserve: (non voting)**

Mark Cockayne (Chair) (MC)  
Samantha Moody (SM)

**EBCC Members (voting)**

Dimuthu Wijetunga (DW)  
Richard Fairholme (RF)  
David Holland (DH)  
David Trevallion (DT)

**Apologies:**

Gavin Ferguson  
John Costa

**Introduction:**

MC opened the meeting, which was quorate, and confirmed it had been called in accordance with Section X 1.2.3:

"National Grid NTS may consult with the Energy Balancing Credit Committee in relation to any aspect of its functions under this Section X, and may at any time convene a meeting of such committee on any reasonable period of notice."

MC introduced Sean MCGoldrick (SMc) to the members, who welcomed him. MC explained that the meeting had been called to provide an update regarding the proposed separation of APX-ENDEX into two separate businesses, ENDEX (Trading System Operator) and APX (Trading System Clearer), and the impact of that separation upon energy balancing credit arrangements. MC advised that National Grid NTS (NG) had been in discussions with their legal department and SMc was present at the meeting in order to provide the details of their proposed approach. A presentation prepared by SMc regarding NG's proposed approach was circulated to members prior to the meeting.

SMc outlined the following:

- NG are requesting Ofgem provide a designation for the TSO.
- The proposed restructure does not currently comply with UNC Sections D & X.
- There is insufficient time to modify at this stage.
- Market Operator agreement between NG and APX.
- NG is considering seeking an agreement whereby APX Commodities will accept responsibility for Section X 2 requirements. A temporary measure until such time until the unc can be modified.
- Plan to introduce new modification in January 2013.

Upon conclusion of SMc's presentation, members made the following points for representations:

DT thanked SMC for presentation, and advised he felt the proposal sounded fair as it would permit operations to continue effectively. SMC confirmed he would personally progress the modification.

MC gave the view that the drafting which initially put into place the TSO requirements in Section X was not correct from a credit perspective as the risk has always been with the TSC. This has never been an issue whilst both positions were undertaken by a single entity, however the current method of operation does assist as the EBCC as they are permitted to instruct that action should not be taken under Section X 2.11 when 60% of indebtedness is exceeded. MC went on to explain that should there be any reservations about the impact of NG's approach that the manner in which the account is secured means that should non payment arise their exposure would immediately exceed 85% and therefore many of the escalation provisions would be unaffected in addition existing provisions within X allow the committee to instruct NG not to carry out any of the provisions of section X which would allow for exposures in excess of 100% should they be required again this would provide consistency with the existing provisions within section X2.11.

DW queried level of risk involved. MC confirmed that APX will continue to make prepayments in respect of exposures and therefore he does not believe that this will present a greater credit risk.

DH queried how long it would take to get the proposals off the ground. SMC confirmed that Ofgem was closed from Friday 21 December and he would therefore be unable to progress matters until the New Year but a draft will go to first UNC panel meeting. MC questioned if this was still an interim measure, SMC confirmed it was and APX would conduct TSC operations in the manner of an agent.

SMC asked if there were any further questions prior to asking the members to vote as to their agreement to the proposal.

All members confirmed they were happy for proposals to go ahead. It was concluded that SMC would continue with the proposed approach with the EBCC's support.

MC confirmed that minutes of the meeting would be issued to members following the meeting and concluded the meeting by thanking members again for meeting at short notice and for their ongoing support.

Summary of Decisions made:

EBCC members voted and reached the quorate decision that support would be given for NG's proposed approach for interim and ongoing measures.