

**ENERGY BALANCING CREDIT COMMITTEE MEETING
(Teleconference)
19 September 2008**

Participants

**Joint Office Chair
(Non voting)**

John Bradley (JB)

Shippers

Lee Selway (LS)

Richard Fairholme (RF)

Gavin Ferguson (GF)

Michael Doherty (MD)

EDF Energy

E.ON

Accord

British Gas Trading

xoserve (Non voting)

Mark Cockayne (MC)

Lorraine O'Shaughnessy (LOS)

Apologies

Gary Russell (GR)

Julie McNay (JM)

Corona Energy

SSE

Introduction

JB welcomed the members to the meeting, which was inquorate.

Minutes from the Previous Meetings

The minutes from the previous meeting held on 18 July 2008 were agreed and also the update published in lieu of the meeting on 15 August 2008. The EBCC had also met in emergency session on 15, 16 and 17 September 2008. In accordance with established practice, minutes of these meetings had only been circulated amongst the Committee.

Actions Update

None

The following represents the August Operational update:

MC provided the following Operational update:

The EBCC Pack was issued on 11 September 2008 and placed on the Joint Office website.

Cash Call Notices:

During August 2008, there were four Cash Call Notices (CCN) issued. Two were paid on the due date, one appealed, and one was paid late. There was one Failure to Pay Notices.

Further Security Requests:

One further Security Requests was issued during August 2008.

Settlement:

The following performance was reported:

| Month | Payment Due Date | Payment Due Date +2 |
|-------|------------------|---------------------|
|-------|------------------|---------------------|

| | | |
|--------------|--------|---------|
| July | 99.92% | 100.00% |
| June | 98.82% | 100.00% |
| Year to date | 98.80% | 100.00% |

Update on Issues from Winter Preparation Group

MC updated the progress on this. Return of two Deeds of Undertakings from Users were outstanding.

Energy Balancing Credit Rules

Version 3.7, which had been approved by the Committee, was published on the Joint Office of Gas Transporters website on 6 August 2008 and the Uniform Network Code Committee was informed at its meeting on 15 August 2008.

AOB

MC reported that xoserve was still establishing whether a particular User was in administration or not. This had been the subject of the emergency meetings. In the normal course of operation, the first date the Committee would need to meet to discuss any issues with the Cash Call process would be 1 October 2008 and members agreed to pencil this date in their diaries for an emergency meeting. MC invited comments from Committee Members on any lessons to be drawn, including where a Uniform Network Code Proposal might be indicated. Four suggestions were discussed.

1. GF suggested that major changes in User behaviour, that would inevitably lead to a Cash Call, might be tracked and the Cash Call would then be issued earlier so mitigating the risk to Users. MC agreed to consider this suggestion.
2. MC commented that currently, notwithstanding that a User is insolvent; the energy imbalance revenue assumed for that User is added to Energy Balancing Neutrality and distributed amongst the Users. This is then reclaimed from Users if the insolvent User does not pay. Members commented that this was not merely a cash flow issue – the portfolio amongst Users may have changed in the meantime and Users would not be charged on the basis of their throughput at the time the imbalance occurred. Members therefore supported development of this suggestion.
3. Another suggestion had already been discussed already at the emergency meetings. This was that the accruals calculation set-out in the Uniform Network Code, Transportation Principal Document, Section X 2.5.2 (c) be amended to reflect the latest imbalance information. Members supported development of this suggestion.
4. Finally, MC indicated a potential report that could be included in the monthly pack that would indicate the potential exposure of financial institutions. Members indicated that this would be useful providing xoserve confirmed there were no confidentiality issues. The options of using pseudonyms to retain confidentiality was suggested, if this proved to be an issue.

MC therefore took an Action to develop all four of these suggestions and report back to the next meeting.

MC then outlined the situation with another User who had indicated that it would not be able to respond to an anticipated Cash Call. MC pointed out that, in this case, revising the accruals calculation as indicated above would probably mean this particular User would not be Cash Called. However, under the current rules the Committee would potentially need to meet to discuss the Cash Call position for this User on 22 September 2008 and members agreed to pencil this date in their diaries.

It was agreed that if this meeting took place a representative of the audit function would be invited to phone-in, as well as a representative of the User concerned.

Next Meeting:

The next meeting will be 17 October 2008 at 10.30. This will be a face to face meeting at 31 Homer Road, Solihull B91 3LT.