

# 0569:

Mod Title: Removal of the minimum security requirement from the Energy Balancing Credit Rules



Proposer: Locus Energy

Panel Date: December 17, 2015

# Why change?



The Energy Balancing Credit Rules state in Section 2.1:

*“All Users are required to maintain a minimum level of security at all times, which is currently set at £10,000 in order to provide sufficient protection for the gas community from User failures”.*

While we fully appreciate that this requirement is driven by the desire to avoid outstanding costs being recovered from other Users in the case of default, we feel that there is a strong need to carefully balance this risk with the overarching objective to encourage competition and avoid creating barriers to entry.

# Options



Change could be directed by EBCC. However, this has not taken place despite being discussed at a number of meetings over a 6 month period.

Change could be directed by Ofgem following a decision to implement UNC0569.

# Solution



## **Solution**

It is our view that a more level playing field could be created by enforcing the already existing requirement within the Energy Balancing Credit Rules that the minimum security requirement for New Users be based on 3 days non-deliverability at 12 months average System Average Price (SAP) to represent 85% of the Secured Credit limit based upon an estimate of projected annual throughput.

This is both reasonable and equitable. All that needs to be removed is the arbitrary minimum security requirement.

# Recommended Steps



The Proposer recommends that this modification should:  
Not be subject to self-governance because the removal of the minimum balancing credit requirement from the Energy Balancing Credit Rules represents a material change to that document.

Proceed to consultation as this has been discussed at a number of EBCC meetings and subject to analysis by Xoserve.