

UNC Workgroup 0568 Minutes
Security Requirements and Invoice Payment Settlement Cycle for
the Trading System Clearer
Thursday 04 February 2016

Elxon, 4th Floor, 350 Euston Road, London NW1 3AW

Attendees

Andrew Malley	(AM)	Ofgem
Anna Shrigley	(AS)	Eni
Colin Hamilton	(CH)	National Grid NTS
Egbert-Jan Schutte-Hiemstra	(EJS)	ICE Endex
Fergus Healy	(FH)	National Grid NTS
Gareth Davies	(GD)	National Grid NTS
Gerry Hoggan	(GH)	ScottishPower Energy Management
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JC)	SSE
Jennifer Randall*	(JR)	National Grid NTS
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Les Jenkins (Chair)	(LJ)	Joint Office
Lucy Manning	(LM)	Gazprom
Mike Berrisford (Secretary)	(MB)	Joint Office
Nazareen Noor Mahomed	(NNM)	ICE Clear Europe
Peter Bolitho	(PB)	Waters Wye Associates
Phillip Hobbins	(PH)	National Grid NTS
Richard Fairholme	(RF)	Uniper
Roddy Munroe	(RM)	Centrica Storage
Sean McGoldrick	(SM)	National Grid NTS
Steve Nunnington	(SN)	Xoserve
Terry Burke	(TB)	Statoil

**via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0568/040216>

The Workgroup Report is due to be presented at the UNC Modification Panel by 18 February 2016.

1.0 Introduction and Status Review

1.1. Approval of Minutes (07 January 2016)

The minutes of the previous meeting were approved.

2.0 Workgroup Report

2.1. Consideration of amended modification

During a brief onscreen review of the amended modification, v3.0 as at 29 January 2016 provided by ICE Endex, LJ highlighted the additional statement inserted into item 3.2 in the Solution section to cover the potential for National Grid and the Clearer not agreeing a revised invoice due date; in which case the existing arrangements would continue. EJS explained that this change had been undertaken

in conjunction with discussions with National Grid NTS relating to their previous concerns. When asked, GD confirmed that his previous concerns had now been addressed.

2.2. Consideration of legal text

Covered under Completion of Workgroup Report - *please refer to item 2.3 below.*

2.3. Completion of Workgroup Report

Section 2 – Why Change ?

EJS advised that development of the modification had also identified a potential for allowing National Grid a direct relationship with the Clearing House (i.e. membership considerations) and that discussions on this matter remain ongoing – however, no clear view is available at this time.

Moving on, EJS explained the rationale behind the financial figures provided in the new benefits / costs statement added at the end of 'Settlement Cycle' sub section on page 6. In short, this focuses on direct costs only with the source for these figures being the Competitive Markets information.

Section 3 - Solution

LJ explained that there are no User Pays impacts.

Moving on to review the relevant objectives statements, GD requested amendment of the statement to clearly identify the 'National Grid Agent for the EBCC'. Additionally, as far as his previous concerns (relating to cashout and neutrality) are concerned, Xoserve (M Cockayne) have suggested that these are not relevant in terms of this modification.

Some parties questioned the validity of bullet point two relating to the EBCC analysis, at which point RF pointed out that Xoserve had completed this on behalf of the EBCC anyway.

In considering how best to express any potential benefits associated with the implementation of the modification, it was noted that the modification simply provides the tools that would empower the EBCC to undertake the necessary actions (i.e. an indirect benefit that would enable a 'positive' decision to be undertaken).

In the end, it was agreed that the points raised would not fundamentally change parties' views on the relevant objectives.

Section 5 – Implementation

When asked, EJS explained that the EBCC have provided a temporary waiver and that they had simply selected 01 May 2016 to reflect when it is expected that the migration would take place, although this date is not necessarily 'set in stone' – in short, it is 3 months from the day of migration. GD suggested that should the date fall after 01 May then the EBCC would need to (re) consider the potential impacts. In the end it was suggested to simply remove the/any reference to an actual date.

Section 7 – Legal Text

GD provided a brief overview of the legal text after which the Workgroup concluded that the legal text delivers the intent of the modification, as drafted.

Concluding discussions, LJ highlighted the two appendices at the end of the Workgroup Report and the new table of acronyms, which reflected the somewhat unfamiliar nature of the content in this modification.

3.0 Review of outstanding actions

Action 1201: Xoserve (MC) and ICE Endex (EJ) to provide a Process Flow Diagram for the Energy Balancing billing process.

Update: Concluded as part of the discussions on item 2.3 above. **Closed**

Action 0568 0101: National Grid NTS (GD) to provide a view on the User Pays status (inc. answers to the questions contained within the table) for consideration at the next meeting.

Update: Concluded as part of the discussions on item 2.3 above. **Closed**

Action 0568 0102: National Grid NTS (GD) and Xoserve (MC) to provide background information relating to the underwriting security across the market.

Update: Concluded as part of the discussions on item 2.3 above. **Closed**

Action 0568 0103: National Grid NTS (CL) to assess and provide a view, on the Relevant Objectives.

Update: Concluded as part of the discussions on item 2.3 above. **Closed**

Action 0568 0104: National Grid NTS (GD) to provide a narrative for inclusion in the Workgroup Report that highlights their concerns / questions.

Update: Concluded as part of the discussions on item 2.3 above. **Closed**

4.0 Next Steps

Workgroup Report to be submitted to the February 2016 Panel for consideration.

5.0 Any Other Business

None.

6.0 Diary Planning

No more meetings of the Workgroup are scheduled to take place at this time.

Action Table (07 January 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0568 1201	03/12/15	2.3	Xoserve (MC) and ICE Endex (EJ) to provide a detailed Process Flow Diagram for the Energy Balancing Billing process.	Xoserve (MC) & ICE Endex (EJ)	Closed
0568 0101	07/01/16	3.1	To provide a view on the User Pays status (inc. answers to the questions contained within the table) for consideration at the next meeting.	National Grid NTS (GD)	Closed
0568 0102	07/01/16	3.1	To provide background information relating to the underwriting security across the market.	National Grid NTS (GD) & Xoserve	Closed

Action Table (07 January 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
				(MC)	
0568 0103	07/01/16	3.1	To assess and provide a view, on the Relevant Objectives.	National Grid NTS (CL)	Closed
0568 0104	07/01/16	3.3	To provide a narrative for inclusion in the Workgroup Report that highlights their concerns / questions.	National Grid NTS (GD)	Closed