



**Energy Balancing Credit Committee  
Covid-19 Update  
22 April 2020**

# Summary of observations over last 4 weeks

- Customers appear to be operating well with their BCM arrangements during Covid-19.
- Through our ongoing engagement with customers leading up to payment due date, **no** customer has indicated that they will be unable to pay their Energy invoices.
- Bank cut off times for payments have changed during Covid-19 which could see an increase of late payments.
- **81** Energy Balancing Invoices due for payment on 14/04/2020 with a value of £5,046,976.46. 6 customers did not pay by payment due date but paid within 24 hours (98.17% of payments received by Payment Due Date)
- We continue to monitor financial institutions and our customers using credit agencies but don't see any area of concern currently.

# Discussion Points for Energy Balancing Credit Committee

- Do the committee need to agree an approach for how we handle any increase in late payments or breaches as a result of Covid-19?
- Should we escalate to the committee in the normal manner?
- Where a customer or customers are struggling is there anything, we can do to support them when referred to the committee due to late payment?
- Should the committee meetings be held more frequently during this period (rather than the current quarterly basis) or would a regular update be preferred with the option then to hold a meeting if there is anything of concern?
- Is there is anything else that the committee believe Xoserve should consider or look to implement during Covid-19?
- Failure to Pay notices are firm in their demand for payment. Should these be more empathetic?

# So what options are available?

Invoices	Contract	Monthly Value	Xoserve's remit	Decision Maker	Options available
<p><b>Energy Balancing Charges</b></p> <p>EBI, Amendment Invoice, late payment interest invoice</p>	UNC	<p>EBI Circa £443K mean average march 19 Feb20</p> <p>Market Balancing Invoice circa £1.6M mean average Mar19 - Feb20</p> <p><i>Note that analysis of demand presented by National Grid as a response to COVID 19 shows a reduction in demand overall a shift to the domestic market, reduction in I&amp;C demand and Unique sites as forecast .</i></p>	<p>Production of invoices to customers, production of accounts receivable file to NGT (SIF &amp;SIR)</p> <p>Collection of all related revenues, security management and exposure monitoring and accounting activities</p> <p>General ledger and sales ledger.</p> <p>Operational Manager of the EBCC</p>	<p>Members of the EBCC as representatives of the gas shipping community</p> <p>EBCC powers are set out in the Energy Balancing Credit Rules, National Grid has no discretion in the actions that Xoserve carry out on it's behalf in this space. All default situations determine that action is to be taken unless instructed otherwise by the EBCC. Escalatory actions are outlined in section V of the UNC and have the effect of terminating all DN's contractual relationships under the UNC and include the DSC</p>	<p>Payment terms are combined with Transportation in section S of UNC, any modification raised by DN's would also impact Energy Balancing and vice versa. Xoserve is unable to raise modifications and any changes that the committee may propose would require a sponsor. The cash flow impacts of this would however be borne via the Energy Balancing Neutrality Bank Account which although managed by Xoserve sits in the National Grid draw down arrangements with Barclays and any increase in the overdraft facility would reduce the remaining credit available to National Grid.</p> <p>Xoserve could propose the delay the charging of late payment interest with agreement of the EBCC <i>( note revenue is minimal circa £2k per annum)</i></p> <p>Learning from 2008 financial crisis has shown that the committee will make decisions that maintain users in a default position but suspend taking escalatory action to support ongoing trade of individual users where viable. So won't vary any existing provisions but allow extended periods for payment to help the user by instructing Xoserve <b>not</b> to terminate</p>

\* We haven't had an opportunity to assess the full viability from a technical perspective.