

Extra-Ordinary Energy Balancing Credit Committee (EBCC) Minutes

Wednesday 22nd April 2020 at 15:00

Via Skype

Attendees

Brendan Gill - Chair	(BG)	CDSP	Non Voting
Sat Kalsi	(SK)	CDSP	Non Voting
James Hutton	(JH)	EON	Shipper Voting Member
Jane Morrison	(JM)	SSE	Shipper Voting Member
Thomas Grove	(TG)	British Gas	Shipper Voting Member
David Holland	(DH)	Scottish Power	Shipper Voting Member

1. Introduction

Brendan Gill (BG) welcomed everyone to the extra-ordinary meeting and confirmed that the meeting was quorate. BG advised that the meeting had been called as a result of Covid-19 for Xoserve to share with the committee its observations over the previous four weeks and to advise the committee of its available options should it wish to take any action. Sat Kalsi (SK) highlighted that as a result of Covid-19 a number of UNC modifications had been proposed by the industry in an attempt to address the impacts of changes in gas demand/usage during this period. JM requested whether Xoserve could provide clarification around the demand algorithm used in the gas allocation forecasts for business and domestic demand and the impact concerning actual demand reduction in the business sector. Action: SK to look to provide the required information.

2. Summary of Observations over previous 4 weeks

BG advised that following lockdown, customers were working well and appear to have clear BCM plans in place to ensure as near normal operation as possible. As part of the cash collection process, Xoserve engage with customers leading up to payment due date however, as a result of Covid-19 the engagement is commencing earlier than normal. At the time of the meeting, no customer had indicated that they were unable to pay an energy related invoice. Cut off times for bank payment had also changed as a result of Covid-19 which could see an increase in the number of customers paying their invoices late. BG reported that in terms of Cash Collection a total of 81 invoices were due for payment on 14/04/20 equating to £5,046,976.46. All but 6 customers paid by payment due date (98.17% collection rate) with the remaining 6 paying within 24 hours of the payment due date. Again, no concerns had been made by customers around their ability to pay. In relation to Energy Security, all financial institutions that provide security for Energy customers continue to be monitored daily with no downgrades received. Each organisation is also monitored through the credit agencies used by Xoserve these being Graydons, D&B and Experian. There was no indication of an increase in alerts or companies moving to a high-risk status.

3. Options Available

Two options were presented to the committee. The first option related to extending payment terms however, if this were to be progressed a UNC modification would be needed in order to change the terms. Both Energy and Transportation payment terms are combined under UNC Section S. The second option raised related to delaying the issue of Energy Balancing late payment charges however, the values and benefit would be minimal. Committee members unanimously agreed not to pursue either of the two options based on the evidence presented. As no issues are currently being seen in terms of cash collection and security, the committee agreed that all services should continue as normal. The committee members requested that any payment/credit issues should be presented to the committee in line with the Energy Balancing Credit Rules where the issue would be discussed and assessed on a case by case basis. No additional recommendations or options were identified during the meeting. JH stated that as Covid-19 continues then cash flow may become an issue for customers. JH also questioned whether force majeure covers non-payment of energy invoices within UNC. Update following meeting: UNC GTD Section 3 specifically states that inability of a party to pay is not a force majeure event.

4. Summary of next steps

BG and SK summarised the decision of the committee that normal processes will continue in line with section X of UNC and the Energy Balancing Credit Rules and that customers will be assessed on a case by case basis if escalated to the committee. The next scheduled Energy Balancing Credit Committee is scheduled for Monday 18th May however, agreement was made that should the need arise, a further extra-ordinary meeting could be held with less than the defined 36hours notice period given.

The slide deck shared with the committee is available on the Joint Office Website.