

**ENERGY BALANCING CREDIT COMMITTEE MEETING
19 May 2006**

Participants

Joint Office Chair (Non voting)

Julian Majdanski

xoserve (Non voting)

Mark Cockayne

Jayne Deasley

Ofgem

Bryony Sheldon

Richard Hall

Shippers

Gavin Ferguson

Julie McNay

Lee Selway

Gary Russell

Stacey Elliot-Smith

Accord

SSE

EdF Energy

Corona

Statoil

Apologies

Christiane Sykes

EON UK

Introduction

Julian Majdanski welcomed members to the meeting, which was quorate.

Minutes and Actions from the Previous Meetings

The minutes and actions from the previous meeting were reviewed.

The following represents March's Operational update:

Mark Cockayne provided the following Operational update:

EBCC Pack issued 9/05/2006.

Cash Call Notices:

During April 2006, 3 Cash Call Notices (CCN) were issued, none of which were appealed, all have been paid on the due date. There were no Failure to Pay Notices issued.

Further Security Requests:

3 Further Security Requests were issued during April 2006. 1 > £10K < £100K, 1 > £100K < £500K and 1 > £500K.

Settlement:

The following performance was reported:

Month	Payment Due Date	Payment Due Date +6
March	98.97%	100%
April	97.69%	100%
Year to date	98.37%	100%

Network Operators performance

January. 1 paid 1 day late, just under £400,000

February. 1 paid 2 days late, approx £2000 (different Network)

March. 1 paid 2 days late, approx £400 (different Network)

Update on this winter's Terminations

Reepham Limited

With regard to a payment being made to the Director of the company for his assistance with the Administration of the company. The Administrator has confirmed that there is no authority that entitles the Director to receive payment nor is there any authority which does not allow him to receive payment. It is the unanimous view of the EBCC not to make a payment to the Director.

Utilita Gas Shipping Limited

A Winding-up petition was served on Utilita Gas Shipping Limited on 11 April 2006, with a court hearing date of 6 June 2006 as notified in the London Gazette. It was noted that if no payment is received by that date then Ofgem can appoint a Supplier of Last Resort.

Enron

No update was available from National Grid's lawyers regarding the claim in the US.

Independent Energy

CRME are working closely with the Administrator regarding a number of copy invoices that have been sent to the Administrator to support the Energy Balancing claim. The Administrator is keen to pay a final dividend of 7p in the £ as soon as the claim has been validated.

Update on actions from last months presentation and subsequent discussion.

Mark Cockayne gave members the following update.

- 1) Look at methodology currently used to calculate credit limits - could this be improved?

Calculate credit limit based on:

- a) 9 day throughput based on SAP – this would result in an increase of 300% to security value.
 - b) 4 day throughput based on peak SMP – this would result in a increase of 490% to security value. Speak to Duncan Church regarding Security mutualisation – invite to speak at June meeting.
- 2) Look at possibility of using more up to date pricing information to be included in indebtedness calculation and thereby reducing the 10 day accrual. Need to consider:
 - a) look at system changes required and associated costs
 - b) look at manual changes/processes
 - c) potential Code Mod – Analytical Services within xoserve, have scoped a review of the accruals methodology and work has now commenced to see if the 10day accrual can be reduced.

- 3) Investigate the potential to reduce the timescales for the Cash Call Notice, Energy Balancing and Further Security Request processes by removing the issue of Failure Notices. A Mod would need to be raised by the EBCC. – A draft Mod proposal has been provided with these minutes. Please review and return any comments to Mark Cockayne and Jayne Deasley. A sponsor is also required to move this forward.
- 4) Introduce a template to provide a structure for all Emergency Meetings based on a decision tree. This format will also be used to ensure that more detailed minutes are produced. – the decision tree will be used as a basis for knowledge sharing. A draft proposal will be completed for the June meeting.
- 5) Clarify vires of EBCC, ie; what decisions can be made at the Emergency Meetings based on the information available. – document completed and emailed to members on 18/05/06. Actions: a) review against Energy Balancing Credit Rules, amend as required and issue to community, b) amend all references from ‘Shipper’ to ‘User’ – this is now complete, a revised copy of the document is attached with these minutes.
- 6) Represent EBCC views to Ofgem with regard to Supplier Undertaking. – Supplier Undertaking’s need to be in place for all Users. Letter to be drafted to Ofgem (pass to EBCC first for approval).
- 7) Identify what information can be divulged to who. At the EBCC meeting it was agreed that the process followed could be clarified but no actual detail was to be provided unless instructed to do so by EBCC. - agreed
- 8) Prepare knowledge transfer session for new members of EBCC. Look at previous scenarios eg: IEU/TXU/AEG/ANG/REE/UGS to identify different complexities to supplement the annual knowledge transfer.- plan to provide training at October meeting. Draft a plan to review at meeting to be held on 16/06/06.
- 9) Contact Gas Forum (Gemserve), to discuss member’s election process. Would it be possible to set standard criteria for EBCC members – ie minimum length of service in gas industry and/or Credit Management experience? – email sent to gemserve 18/05/06.
- 10) Prepare a short piece detailing what the EBCC does and what is expected from it’s members - this will be circulated by Joint Office prior to election of new members. – completed.
- 11) Amend monthly stats to reflect any non-payments from NWO’s - in progress
- 12) Can we stop NBP trades in the event of User default? Gain understanding of process to identify whether or not this is possible. – speak to O&T – invite to attend June EBCC meeting to give background. Still struggling with a response from O&T – can anyone within members’ company help?
- 13) Gain understanding of Beach sales/retrospective beach trades to identify what action can be taken in the event of user in default. – speak to CVA - invite to attend June EBCC meeting to give background. Still struggling with a response from O&T – can anyone within members’ company help?

- 14) Look at processes once termination has been issued with the aim to tighten timescales thereby reducing overall debt. – CRM to investigate and provide an update by 31/08/06.
- 15) Raise Mod to give EBCC the power to instruct appropriate recovery steps. – A draft Mod proposal has been provided with these minutes. Please review and return any comments to Mark Cockayne and Jayne Deasley. A sponsor is also required to move this forward.

A.O.B.

Next Meeting: 10:30 hours on 16 June, at Elexon's offices at 350 Euston Road, London. Location details to be found on: www.elexon.co.uk/contact/locationMap.aspx