

ENERGY BALANCING CREDIT COMMITTEE MEETING
21 April 2006

Participants

Joint Office Chair (Non voting)

Julian Majdanski

xoserve (Non voting)

Mark Cockayne

Jayne Deasley

Ofgem

Bryony Sheldon

Shippers

Gavin Ferguson

Julie McNay

Dave Roberts

Gary Russell

Christiane Sykes

Accord

SSE

BGT

Corona

EON UK

Apologies

Johanna Fitzgerald

Stacey Elliot-Smith

Lee Selway

RWE

Statoil

EdF Energy

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 7/04/2006.

Cash Call Notices:

During March 2006, 15 Cash Call Notices (CCN) were issued of which 4 have been appealed and withdrawn, 11 have been paid on the due date.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 March 2006.

Settlement:

The following performance was reported:

Month	Payment Due Date	Payment Due Date +6
February	99.2%	100%
March	98.97%	100%
Year to date	98.79%	100%

Gary Russell suggested streamlining the pack issued. Members discussed this and agreed the information should be reviewed, as some information was not used, but other more useful information (e.g. persistent defaulters) was not presented. Mark Cockayne took an action to consider providing this information and members agreed to review the content of the pack at the next face to face meeting in June.

Update on this winter's Terminations

Reepham Limited

No further update had been received.

Utilita Gas Shipping Limited

There are still 6 supply points and 24 CSEPs on the Utilita Gas Shipping portfolio. 2 of the supply points have been confirmed to leave the portfolio on 02/05/06, 3 of the supply points have been confirmed to leave the portfolio on 04/05/06.

A Statutory Demand was issued to Utilita Gas Limited on 20 March 2006 with a value of £2,977.86, this has now been settled in full.

A Winding-up petition was served on Utilita Gas Shipping Limited on 11 April 2006, with a court hearing date of 6 June 2006.

Enron

Enron's lawyers have proposed to scale back the claim in the US by 40% and make a payment of 17.6% on the remaining 60%, this would equate to a cash value of approximately £700k. It is important to note that this does not prejudice the action in the UK. Members were of the unanimous view that this should be accepted.

In the UK a Creditors meeting was held at the end of March 2006. Xoserve are awaiting the outcome and an update will be provided to members.

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 – analysis to be carried out.
 - 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. – Mark Cockayne to draft wording for Mod – by next meeting.

- 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. – draft to be issued prior to next meeting.
- 5) Clarify vires of EBCC, ie; what decisions can be made at the Emergency Meetings based on the information available. – meeting arranged between MC and Legal – an update will be available at the next EBCC meeting.
- 6) Represent EBCC views to Ofgem with regard to Supplier Undertaking.
- 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? – draft note by 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. – draft note by 18/05/06.
- 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.
- 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.
- 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. – draft by 31/05/06.

A.O.B.

Next Meeting: 10:30 hours on 19 May by teleconference, with a future face to face meeting to be arranged for 16 June, when mutualisation of risk will be revisited.