

**UNC Energy Balancing Credit Committee Minutes**  
**Monday 19 November 2018**  
**via teleconference**

**Attendees**

Chris Shanley (Chair)	(CS)	Joint Office	Non-Voting
Helen Cuin (Secretary)	(HCu)	Joint Office	Non-Voting
Brendan Gill	(BG)	CDSP	Non-Voting
Loraine O'Shaughnessy	(LO)	CDSP	Non-Voting
Palminder Sandhu	(PSa)	CDSP	Non-Voting
Pauline Babb	(PB)	SSE	Voting
Sallyann Blackett	(SB)	E.ON	Voting
Sandra Dworkin	(SDw)	CDSP	Non-Voting

**Apologies**

Paula Sampson	(PS)	npower	Voting
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Copies of all papers are available at: <http://www.gasgovernance.co.uk/dsc-credit/191118>

**1. Introduction and Status Review**

It was noted that today's meeting was not quorate with only two members present.

**1.1. Apologies for absence**

Paula Sampson.

**1.2. Note of Alternates**

None.

**1.3. Approval of Minutes (22 October 2018)**

The minutes were approved.

**1.4. Review of Outstanding actions**

No actions outstanding.

**2. Operational Update**

**2.1. Cash Call Notices**

During October there were no Cash Call Notices issued.

**2.2. Further Security Requests (FSRs)**

During October there were no Further Security Requests issued.

**2.3. Cash Collection**

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
October 2018	99.97 %	100%
Rolling 12 Months	98.52 %	100%

There was 1 late payment which had been paid in full.

### 3. Six Month Review

LO provided an overview of the Cash Call process reporting 41 Cash Calls had been issued in 2018, which was comparable with 2017.

LO highlighted that during 2018 Xoserve have proactively contacted 265 Users as a result of increased utilisation (above 75%) to discuss remedial action. Where utilisation has increased above 100%, LO confirmed customers are contacted to understand the reasons behind this.

PB asked if the CDSP are intervening more than in previous years. LO explained that rather than automatically issuing the cash call notices customers are contacted, she confirmed more contact is taking place than in previous years due to Xoserve being more customer eccentric.

LO provided the Operational Review for the past 6 months, reporting that:

- The Cash Collection figures have remained consistent.
- The Cash Call figures have remained significantly low since April 2018, due to continued pro-active engagement with users reaching 75% where Users have taken early remedial action by placing additional funds in the Cash Call account or increasing Security
- Due to the high SAP prices in March 2018, there has been an effect on the 12 month Rolling SAP Price, as a consequence there has been an increase in Securities during the annual security renewals
- 100% Letter of Credit Renewals in place before the Expiry date
- 2 new staff members have joined the CDSP Credit Risk Team
- The Credit Risk Team have provided additional training on the Energy Balancing Process, through Customer Discovery Days.

LO summarised the focus for the team for next 6 months was outlined. This included:

- A team re-organisation with 3 members of the Credit Risk team leaving by the end of March 2019
  - Mark Cockayne will be passing over responsibility to Palminder Sandhu to Manage the Credit Risk Team over the next few months
  - Brendan Gill has joined the Credit Risk team to replace Loraine O'Shaughnessy and Sandra Dworkin who will be leaving at the end of March 2019
- A full review of the Credit Risk Team to look at process improvements, and where synergies of roles can be merged
- Chartered Institute of Credit Management (CICM) Training across the team will continue
- Continue to Support Customer Discovery days

LO confirmed the operational focus for the next 6 months will be to:

- Review the Winter Planning end to end process
- Continue customer visits and early engagement with new market participants.
- Review potential Brexit impacts
- Review and update the EBCC Operational reporting mechanism
- Continue to embed CDSP "Strategy House"
- Full review of Energy Balancing Credit Rules
- Support System enhancements to Gemini
- Potential changes to internal A/R functionalities

LO provided an update on the Security Review:

- Modification 0587 - Seasonal energy balancing credit cover, 2 Users have taken this service since it was introduced
- Letter of Credit Security has increased by £5.6m since April 2018
- Deposit Deed Security has reduced by £1.7m since April 2018
- The Barclays Base Rate (BBR) changed August 2018, due to the increase interest is being applied to Deposit Deed and Cash Call Accounts which is payable quarterly by the bank.
- 3 User admissions completed since April 2018
- 2 Voluntary discontinuances since April 2018

LO also gave a breakdown of the securities held and the spread across the different financial institutes. She also provided the spread of the financial exposure and the rating comparison table.

#### **4. Modifications**

No EBCC related modifications to report.

#### **5. Any Other Business**

##### **5.1. Voluntary Discontinuances**

SDw advised of one voluntary discontinuance, a trader with no supply points and no invoices outstanding. However, as the meeting was not quorate, she confirmed that this could be approved via email. The members present provided their approval and it was agreed the members not present will need to approve via email.

##### **5.2. Emergency EBCC Meeting**

LO provided an update of the Emergency EBCC Meeting regarding the settlement agreed and confirmed that the User will continue to be monitored.

PB suggested an end to end review of the Emergency process is undertaken with EBCC members to remind them of the process, to ensure members fully understand their role and responsibilities.

LO explained that Xoserve are reviewing the User's security and looking for an increase in security. There were no other issues to report at this point.

LO referred to the Winter Planning Pack and confirmed that Xoserve are looking at any lessons learnt. She confirmed that an internal review was taking place on 20 November 2018. LO welcomed any feedback from members to help improve the process.

BG recognised the importance of providing key information ahead of any emergency meetings and acknowledged that the use of online screen sharing would be helpful where it has been difficult to provide information before the meeting.

PB was keen for the end to end process to be reviewed with members.

##### **5.3. EBCC Membership**

CS confirmed that interest had been expressed within Panel/UNCC meetings however despite formally requesting the nomination of candidates in accordance with the UNC User Appointment Process (<https://www.gasgovernance.co.uk/elections>) the appointed Single Points of Contacts (SPoCs) had not submitted any nominations.

PB suggested that the process needs to be better publicised.

CS confirmed that the UNCC will be asked to consider what further steps should be taken to increase the EBCC Membership.

**6. Diary Planning**

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	Venue	Workgroup Programme
14:30 Tuesday 18 December 2018	Teleconference	Standard agenda items Emergency Procedure Overview
14:30 Tuesday 21 January 2019	Teleconference	Standard agenda items
14:30 Tuesday 18 February 2019	Teleconference	Standard agenda items

Action Table (as at 19 November 2018)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			No actions		