

UNC Energy Balancing Credit Committee Minutes
Monday 21 January 2019
via teleconference

Attendees

Chris Shanley (Chair)	(CS)	Joint Office	Non-Voting
Kully Jones (Secretary)	(KJ)	Joint Office	Non-Voting
Adam Lane	(AL)	Centrica	Voting
Brendan Gill	(BG)	Xoserve	Non-Voting
Loraine O'Shaughnessy	(LO)	Xoserve	Non-Voting
Pauline Babb	(PB)	SSE	Voting
Pin Sandhu	(PSa)	Xoserve	Non-Voting
Sallyann Blackett	(SB)	E.ON	Voting
Sandra Dworkin	(SDw)	CDSP	Non-Voting

Copies of all papers are available at: <http://www.gasgovernance.co.uk/ebcc/210119>

1. Introduction and Status Review

Chris Shanley (CS) welcomed everyone to the meeting.

1.1. Apologies for absence

None received.

1.2. Note of Alternates

None.

1.3. Approval of Minutes (18 December 2018)

Minutes approved.

1.4. Review of Outstanding actions

No actions outstanding.

2. Operational Update

2.1. Cash Call Notices

During December there were 4 Cash Call Notice issued. 2 were appealed and later withdrawn. 2 were paid in full.

2.2. Further Security Requests (FSRs)

During December there were no Further Security Requests issued.

2.3. Cash Collection

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
December 2018	97.71%	100%
Rolling 12 Months	98.52 %	100%

There were 3 late payment this month, which had been paid in full totalling £501,168.61 and all were related to back office issues.

Loraine O'Shaughnessy (LO) provided a brief update on the Utility Professional Business Operations Ltd (UPB) position following termination confirming that PWC have been engaged with in relation to the settlement of the outstanding debt. UPB were given 14 days' notice prior to Christmas that Xoserve intended to draw down on all security provided and that there are 2 outstanding invoices which when paid will leave an amount of approximately £1.4m to be smeared as an overdue through Neutrality. A further discussion was held under agenda item 5.0

3. Modifications

No EBCC related modifications to report.

4. Emergency Procedure Overview

Brendan Gill (BG) informed the Committee that a template had been developed for Emergency Energy Balancing Credit Committee (EEBCC). The purpose of the template was to aid the emergency meetings by providing information in writing in advance. BG invited the Committee to provide feedback on the template.

5. Changes to Outstanding Energy Balancing Indebtedness Calculation

LO stated that at the last EBCC meeting held in December a question was raised as to whether Xoserve could have instigated the Termination earlier in relation to UPB. She confirmed that Xoserve could not have acted earlier as a termination for Energy Balancing purposes because of the way accruals relating to the current Energy Balancing calculation, which is defined in Code.

She explained that the previous UNC Modification 0233 - Changes to Outstanding Energy Balancing Indebtedness Calculation was raised to address this issue but the Modification was not implemented. This Modification could have potentially minimised the financial risk faced by Users as it proposed to utilise the Anticipated Balancing Indebtedness (ABI)/best available information on Gemini.

She reminded the Committee of the basis of the Ofgem decision, which was that they believed the Modification may have detrimental impacts on transparency and could have a negative impact on competition if the change did not apply to all Users.

In the case of UPB she confirmed that the £1.4m debt would be smeared back but may have been reduced if UNC Modification 0233 had been in place. She reiterated her initial comments that action could not have been taken earlier as the current rules were followed.

CS asked if there is an analysis that could be undertaken to assess the impact on other Users from a possible move to the UNC Modification 0233 approach? SB suggested that analysis could be done if the final Gemini position is known. LO indicated that the UNC rules are explicit in the calculation of the ABI and to carry out the analysis using actual positions for all users would require additional resources to undertake any analysis, repeating that the best endeavours position following the Code process has been arrived at. The Committee acknowledged this point and no further action is to be taken at this time.

6. Winter Preparation

BG provided a walkthrough of the presentation, providing clarification of the Terminations process and the Energy Balancing Credit Committee's role within the process. The presentation covered the following areas:

- Objectives
- Background
- Triggers for Termination
- High Level Process Flows
- Post Termination Activities
- Xoserve Activities
- Areas for Improvement.

BG also informed the Committee that a training package is being developed for both internal and external Users to raise awareness of the Terminations process and that a wider winter readiness package to cover all types of Termination would be added to the Xoserve website.

In relation to Slide 8 showing the triggers for termination – failure to pay energy cash call timeline, LO suggested that the date for convening the EBCC meeting on non-payment of Failure to Pay Cash Call could be brought forward from D+5 to D+4 in the event where we have information to suggest that no payment will be made

Sallyann Blackett (SB) raised a question in relation to the retrospective appointment of the Supplier of Last Resort (SoLR) asking if they would be retrospectively liable for all the Energy flowing through and whether it would roll into an ‘inbalance’ position. A discussion was had highlighting that as it had never been done before it was presently unclear and would require some investigation to confirm. Given this was a highly unlikely scenario, it was agreed to take no further action.

BG concluded his presentation by saying that there are a number of areas identified for improvement:

- Introduction of a template with key information ahead of Emergency EBCC so participants are clear on the position and cause of the default to aid decision making.
- Development of greater awareness of Transportation, Energy and DSC Terminations processes internally and externally.
- Seeking the Committee’s views on what Xoserve could do better in terms of the EBCC and the Terminations process.

In addition, he suggested that the winter preparation is revisited every September.

CS suggested that links to key documents can also be added to the Joint Office website to raise awareness.

7. Key Messages

None.

8. Any Other Business

None.

9. 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 -15:30 Monday 18 February 2019	Teleconference	Standard agenda items

Action Table (as at 21 January 2019)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			No outstanding actions		