

**UNC Energy Balancing Credit Committee Minutes**  
**Monday 25 November 2019**  
**via teleconference**

**Attendees**

Helen Cuin (Chair)	(HC)	Joint Office	Non-Voting
Kully Jones (Secretary)	(KJ)	Joint Office	Non-Voting
Brendan Gill	(BG)	CDSP	Non-Voting
David Holland	(DH)	Scottish Power	Voting
Jane Morrison	(JM)	SSE	Voting
Thomas Grove	(TG)	Centrica	Voting

**Apologies**

Lavinia Mistreanu	(LM)	E.ON	Voting
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Copies of all papers are available at: <http://www.gasgovernance.co.uk/ebcc/251119>

**1. Introduction and Status Review**

Helen Cuin (HC) welcomed everyone to the meeting, particularly the new members.

She reminded Committee members that this was the first of the quarterly meetings since the decision was taken in July to move from monthly meetings.

HC outlined that the EBCC is defined as a Uniform Network Code Committee and is a body of industry representatives with certain rights and responsibilities relating to the management of the Community's energy balancing credit risk. She reminded members that the Energy Balancing Credit Rules (EBCRs) are published on the Joint Office website and can be accessed here <https://www.gasgovernance.co.uk/tpddocs>. The EBC Rules cover the following areas:

- Energy Balancing Credit Committee (including members and appointment)
- Operation of the Credit Risk Framework
- Calculation of Outstanding Energy Balancing Indebtedness
- Operation of the Request to provide Further Security Process
- Special Conditions relating to the Trading System Clearer
- Payment of Energy Balancing Invoices
- Appointment of Insolvency Practitioner

HC advised that within the Credit Rules it states that the Committee should endeavour to meet on a monthly basis, however the Committee agreed at the July 2019 to meet on a quarterly basis.

For the purposes of new members, she reminded everyone that Committee members are representatives in their own right and do not represent the company that employs them. A list of all members and standing alternates is published on the Joint Office website <http://www.gasgovernance.co.uk/ebcc>. For the purposes of voting a quorum of three voting members, or appointed alternate(s), is required and decisions are made by a simple majority vote. HC encouraged all representatives to provide an alternate if this has not already been provided.

In addition to operational meetings, should a need arise to consult with the Committee on a particular issue or in relation to any aspect of its functions a further operational or emergency meeting can be convened at 36 hours notice (or less in exceptional circumstances). In these situations, the EBCC chair may be an Operational Manager within the CDSP.

Committee members provided their consent for Joint Office to share contact details (email addresses) with Xoserve for the purposes of enabling the CDSP to communicate directly with Committee representatives.

The Committee revisited the frequency of meetings. HC reminded members that Section 1.2d of the EBCR has a requirement for monthly meetings. However, following the July meeting there was agreement that as the meetings have become shorter and some under-represented the frequency should be changed from monthly to quarterly and additional meetings convened if necessary.

There was general agreement between members that quarterly meetings are still appropriate as the Credit Rules allow for additional operational meetings. It was suggested that a standard agenda item be added to the agenda to review meeting frequency.

HC reminded members that the EBCR would need to be updated to reflect this recommendation and normally amendments to the EBCR would require the provision of 2-months notice (section 2.1.4). However, members agreed this change would have no impact on Shipper Users as it was an administration change only and therefore the two-month notice period could be waived. It was agreed the Committee would continue with the quarterly meetings.

BG agreed to amend the EBCR for approval by the EBCC by correspondence.

**New Action 1101:** Xoserve (BG) to amend section 1.2d of the Energy Balancing Credit Rules to change the meeting frequency from monthly to quarterly and to seek Committee agreement by correspondence.

### 1.1. Apologies for absence

Brendan Gill (BG) notified Committee members that Palminder Sandhu has left Xoserve at the beginning of November. He confirmed that until an appointment is made for a replacement Business Process Manager, he would be providing interim cover.

### 1.2. Note of Alternates

None

### 1.3. Approval of Minutes (20 May 2019)

The minutes of the May meeting were approved. It was noted that meetings did not take place in June, July, August, September or October.

### 1.4. Review of Outstanding actions

There were no actions outstanding.

## 2. Operational Update

### 2.1. Cash Call Notices

BG confirmed that the CDSP will continue to provide a full operational statistic update every month and these will be published on Joint Office website at: <http://www.gasgovernance.co.uk/ebcc/opupdates>. A summary of the provided statistics will be presented at the quarterly meetings.

BG reminded Committee members that a cash call notice is issued where a user's indebtedness exceeds 100% (indebtedness divided by cash call limit). The cash call limit is 85% of the secured credit limit.

CDSP run a Cash Call suite for each user against Gemini at approximately 10am each morning. Customers are notified if they are in a cash call position and if this is not resolved a cash call notice is issued by 3pm.

The Customer is required to provide payment to reduce indebtedness down to 90% of the cash call limit. Cash Calls can be appealed by 12 noon the following business day or payment is required by D+1 of issue.

BG reported that during October, there was 1 Cash Call Notice issued and appealed. The cash call was withdrawn following (Terminal Data) provided by the Claims Validation Agent which removed the customer from being in a cash call position.

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

BG reminded members that where 2 cash calls are issued within a 28-day window then a further security request will be issued requiring the customer to place additional security for a period of 90 days.

During October there were no Further Security Requests (FSR).

## **2.3. Cash Collection**

The following performance was reported:

<b>Month</b>	<b>Payment Due Date</b>	<b>Payment Due Date +2</b>
October 2019	98.35%	100%
September 2019	100%	100%

During October there were 3 Failure to Pay Notices issued. 1 was due to an oversight and the other 2 due to internal admin issues on the customers side.

BG provided a reminder of the process stating that where a User fails to make payment by the Payment Due Date (PDD) a failure to pay notice is issued on PDD+1 with a copy also issued to Ofgem for information.

If payment is not received by PDD+3 an Emergency Energy Balancing Credit Committee will be convened to discuss the next course of action which could include termination.

3 Failure to Pay Notices were issued in October.

## **3. Modifications**

None.

## **4. Key Messages**

There are no key messages to report for this quarter.

## **5. Any Other Business**

### **5.1. Terminated Shipper Update**

BG provided an update on the last Shipper that was terminated from the market on 27 November 2018 following the failure to pay a Data Services Contract Invoice for Xoserve. He stated that where a termination occurs, the CDSP will invoke the Deed of Undertaking (Supplier Licence Condition 18) resulting in the Supplier taking responsibility for both Transportation and Energy Charges.

He reported that all but 78 of the circa 96k customers have now been migrated to the Supplier of Last Resort. The remaining sites are mainly dead supplies which require investigation. The CDSP Customer Advocate is working with the new supplier in order to migrate/end date these last few sites.

BG stated that the £3.2m debt would be smeared across Shippers. BG agreed to provide monthly updates and also send out the winter preparation pack which sets out the Committee's obligations.

## 5.2. Outstanding Energy Balancing Adjustments

BG informed the Committee of an issue highlighted by a customer in relation to the delay in Xoserve processing an energy balancing adjustment which was originally raised in 2016 but not processed by Xoserve until 2019. In this case the customer account has been closed down so the Shipper is not able to recover the charges.

The customer has asked for the issue to be shared to highlight:

- The processing delays and customer impact.
- Provide details of adjustments outstanding and the reason for the delay.
- Approach for resolution; and to
- Seek the Committee's thoughts/guidance on any additional action that should be considered.

BG reported that Xoserve are currently dealing with 773 energy related adjustments. Of these 37 relate to 2016 (120 million kWh) and will be processed in 2019. 634 relate to 2018 (24.5 million kWh) and 102 relate to 2019 (-8 million Kwh). He explained that the reasons for the backlog are due to a complex manual process. Automation options have been explored in the past but rejected due to cost and other automation options are now being considered.

He added that the initial backlog from 2016 is in relation to issues with the National Gas Control Suite System. The other outstanding adjustment are as a result of issues following UK Link Implementation in June 2017.

Xoserve are working with National Grid to produce a consolidated list of adjustments which can be shared with industry and the Committee with a resolution plan by the end of January 2020. Xoserve are intending to provide a full picture of what is outstanding by Shipper sort code.

BF also stated that the turnaround times vary due to the complexity, number and types of meters involved, number of gas days and which system is incorrect.

Jane Morrison (JM) asked in relation to the 37 adjustments identified in 2016 if Xoserve have been dealing with the energy adjustments since then. In response, BG indicated that whilst Xoserve may have been aware of them, but they may not all have been progressed. Xoserve are working with National Grid to obtain a full picture of which ones have been worked on and which have not.

Thomas Grove (TG) asked about the prioritisation and whether the 37 from 2016 are being progressed first or whether it was prioritisation by size of the energy adjustment. BG confirmed that the 2016 related adjustments are being prioritised.

In response to a question from David Holland (DH) in relation to the total value, BG responded to say that an estimate of the total value is not known at this stage.

Xoserve acknowledge that the position is not satisfactory and want to move to a future position where this scale of backlog does not exist.

<b>New Action 1102:</b> Xoserve (BG) to provide monthly updates to the Committee on resolution of the outstanding energy balancing adjustments.
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BG summarised the concerns raised by the customer highlighting:

- Modification 0398 *Limitation on Retrospective Invoicing and Invoice Correction (3 to 4 year solution)* decision letter makes reference to reconciliations taking place as and when new information comes to light but no suggestion that Cut-off Date could be used to justify delaying the processing of known errors.
- Gemini errors in volumes of Biomethane Injection were highlighted immediately in 2016.
- National Grid stated in 2016 that reconciliations would be processed as the 5-day amendment window for correcting data had been missed.
- Reconciliation was processed on October 2019 invoice, yet subsequent comparable errors have been reconciled.

- The use of the code cut-off date is unacceptable and outside the spirit of UNC even if it's within the letter.
- Inefficiency by the Networks/Xoserve in processing reconciliations more than 3 years later creates significant issues for Users.

BG concluded his presentation by stating that Xoserve will provide an update to the committee and the customer.

## 6. Diary Planning

HC sought members views on whether the meetings should continue at the same time or move to morning meetings. She reported that the DSC Credit Committee had agreed to move their meetings to start at 9.30.

The Committee agreed to move future meetings to start at 10:30 so that they continued to follow on from the DSC Credit Committee.

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

Time / Date	Venue	Workgroup Programme
10:30 – 11:30 24 February 2020	Teleconference	Standard agenda items
10:30 – 11:30 18 May 2020	Teleconference	Standard agenda items
10:30 – 11:30 17 August 2020	Teleconference	Standard agenda items
10:30 – 11:30 23 November 2020	Teleconference	Standard agenda items

### Action Table (as at 25 November 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1101	25/11/19	1.0	Xoserve (BG) to amend section 1.2d of the Energy Balancing Credit Rules to change the meeting frequency from monthly to quarterly and to seek Committee agreement by correspondence.	CDSP/Xoserve (BG)	<b>Pending</b>
1102	25/11/19	5.2	Xoserve (BG) to provide monthly updates to the Committee on resolution of the outstanding energy balancing adjustments.	CDSP/Xoserve (BG)	<b>Pending</b>