

UNC Energy Balancing Credit Committee Minutes
Wednesday 24 May 2023
via Microsoft Teams

Attendees

Rebecca Hailes (Chair)	(RH)	Joint Office	Non-Voting
Mike Berrisford (Secretary)	(MiB)	Joint Office	Non-Voting
Brendan Gill	(BG)	Xoserve	Non-Voting
Claire Jamieson	(CJ)	Xoserve	Non-Voting
Phil Hobbins	(PH)	National Gas Transmission	Non-Voting

Voting Members Shippers

Daniel Wilkinson	(DW)	EDF
Kirsty Dudley	(KD)	E.ON (Alternate)
Sharon McCahey	(SMc)	SSE (Alternate)
Thomas Grove	(TG)	Centrica

Copies of all papers are available at: <https://www.gasgovernance.co.uk/EBCC/240523>

1. Introduction

Rebecca Hailes (RH) welcomed all representatives to the meeting.

1.1. Apologies for absence

Jane Morrison

Laura Dawson

Sharon Bright

1.2. Note of Alternates

Kirsty Dudley for Laura Dawson (E.ON)

Sharon McCahey for Jane Morrison (SSE)

1.3. Quoracy Status

RH confirmed the meeting was quorate.

1.4. Approval of Minutes (22 February 2022)

The minutes of the previous meeting were approved.

1.5. Approval of Late Papers

RH advised that there was one late paper relating to agenda item 2 (*EBCC Scorecard April 2023*). EBCC Members in attendance agreed to consider the item at short notice.

2. Operational Update

Claire Jamieson (CJ) presented the EBCC Operational Statistics.

Monthly Breakdown of Cash Collected at Payment Due Date (PDD):

Month	Payment Due Date (PDD)	PDD + 2
February 2023	99.84%	100%
March 2023	99.95%	100%
April 2023	99.83%	100%

- Cash Collection targets 98% achieved by PPD and 100% by PDD+2.

Failure to Pay Notices Issued:

February 2023	4
March 2023	5
April 2023	3

There are no concerns with any particular user in terms of payment.

Securities

It was noted that all securities renewals were completed within the month. No Bank downgrades or credit agency alerts requiring action.

Cash Calls Issued:

February 2023	6
March 2023	13
April 2023	1

** The peak in the March figure was due to one User being issued with 9 cash calls*

Further Security Requests:

February 2023	1
March 2023	3
April 2023	0

** due to Users having 2 cash calls issued within a 28-day period*

Debt Smearing:

BG advised that the amount of smeared debt peaked in September 2022 and has since been falling. CNG and CNG account for the majority of the debt being smeared.

BG advised that the debt smeared to date during 2023 was circa £8.3m.

BG advised that as far as potential CNG reconciliation impacts are concerned, the Administrator is examining the first 12 month period since their failure and reconciliations are now beginning to come through, which can continue for up to a four (4) year period – parties are asked to note that any ‘credits’ would also get smeared back to industry.

New Users Credit List Monitoring:

CJ provided a table of the credit limit monitoring undertaken by Xoserve for New Users detailing the level of security at Go-Live. Also, an updated position on the current level of security currently in place and details behind any security increases.

BG provided a brief verbal update on the action (0203) assigned at the previous meeting, explaining that he had spoken with Helen Seaton and Holly Maughan of Ofgem advising them on how debt (being accrued based on throughput at the time of failure) is smeared, how dividends impact the industry and how ultimately it is the industry that takes the ‘big hit’. Ofgem are to share the information internally and will revert should any additional information be required.

Debt Recovery

CJ advised that of the four (4) noted Shipper companies, the first failed during 2018.

Update of Credit Rules

CJ advised that the revised EBCC Credit Rules had been issued for approval.

3. Modifications

3.1. 0844 - Enabling Direct Contractual Arrangements with Consumers for Demand Side Response

RH introduced P Hobbins from National Gas Transmission who then proceeded to provide an overview of the 'Modification 0844: Enabling Direct Contractual Arrangements with Consumers for Demand Side Response' presentation, during which a view was sought from EBCC regarding the Modification.¹

During discussions it was noted that there is some concern among some EBCC Members that the Modification 0844 proposal does not currently include securitisation for direct consumers.

The basis for this approach is the use of balancing neutrality as the mechanism for funding DSR and the use of bilateral contracts between National Gas Transmission and direct consumers will mean that the risk of non-payment, in the unlikely event that a direct consumer does not reduce their demand, is being borne by neither National Gas Transmission nor the direct consumers.

When National Gas Transmission noted it has concerns that introducing securitisation may be seen as a barrier to consumers participating in DSR, there was further concern that if this is true then those customers may be more likely to be a potential credit risk.

Some Members noted that whilst the level of risk may be low initially, the scheme value is currently estimated at circa £5m, the potential for the use of DSR to increase may argue for robust securitisation within the bilateral arrangements.

In order to avoid potential 'dual governance' issues, RH requested that any EBCC Members with ongoing concerns relating to the proposed provisions of the Modification should please raise these within the main Workgroup meeting arena. Thereafter, a new action was assigned to the Joint Office (RH/YRH) to ensure that an extract of the EBCC meeting minutes related to this matter is issued to the Workgroup to ensure EBCC concerns are considered.

New Action 0501: Reference EBCC Concerns in relation to UNC Modification 0844 proposals – Joint Office (RH/YRH) to ensure that an extract of the EBCC meeting minutes related to this matter is issued to the Workgroup to ensure EBCC concerns are considered.

3.2. 0845 - Enhancements to Demand Side Response (DSR) Arrangements including a D-5 Product

Not specifically discussed at the meeting.

¹ The 0844 presentation slides presented at the 24 May 2023 EBCC meeting can be found here: <https://www.gasgovernance.co.uk/EBCC/240523>

4. Review of Outstanding Actions

0201: YRH/Joint Office to provide written suggestion and advise on Membership & Alternate rules; and arrange further meeting to discuss if require.

Update: When BG advised that he was unsure of the current status in relation to this outstanding action, EBCC Members agreed to carry forward the action. **Carried Forward**

0202: Xoserve (CJ) to circulate Revised EBCR Credit Rules for approval. All Committee Voting Members to respond latest by 01 March 2023.

Update: The necessary approvals were received by 09 March 2023 and v3.31 of the EBCR published on 13 March 2023. Thereafter, EBCC Members agreed the action could be closed. **Closed**

0203: Xoserve (BG) to communicate with Ofgem the current debt data and revert to Committee in next EBCC Meeting 24 May 2023.

Update: Referencing the discussions under item 2. above earlier in the meeting, EBCC Members agreed the action could be closed. **Closed**

5. Key Messages

In making reference to the DSC Credit Committee concerns relating to Suppliers operating under 'Deed of Undertaking' provisions, BG observed that there are circa 810 meter points registered on the UK Link system that do not have a 'live' Shipper allocated to them (i.e. terminated from the market and where the Supplier has not made any alternative arrangements).

BG advised that inline with his new DSC Credit Committee action (0501), he anticipates circulating a Powerpoint document relating to this matter in due course.

Other than publishing the National Gas Transmission 0844 presentation, it was agreed that there were no 'Key Messages' for dissemination after this meeting.

6. Any Other Business

6.1. Industry Party Participation Concerns

Please refer to the DSC Credit Committee AOB item for further details available to read and/or download from the Joint Office web site at: <https://www.gasgovernance.co.uk/dsc-credit/240523>

7. Next Steps

Text

8. Diary Planning

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

Time / Date	Venue	Workgroup Programme
10:30 Wednesday 23 August 2023	Microsoft Team	Standard agenda items, plus
10:30 Wednesday 22 November 2023	Microsoft Team	Standard agenda items, plus

Action Table (as at 24 May 2023)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Due Date	Status Update
0201	22/02/23	2.0	YRH/Joint Office to provide written suggestion and advise on Membership & Alternate rules; and arrange further meeting to discuss if require.	YRH / Joint Office	August 2023	Carried Forward
0202	22/02/23	3.0	Xoserve (CJ) to circulate Revised EBCR Credit Rules for approval. All Committee Voting Members to respond latest by 01 March 2023.	Xoserve (CJ) / Committee Voting Members	August 2023	Update provided. Closed
0203	22/02/23	5.0	Xoserve (BG) to communicate with Ofgem the current debt data and revert to Committee in next EBCC Meeting 24 May 2023.	Xoserve (BG)	August 2023	Update provided. Closed
0501	24/05/23	3.1	<i>Reference EBCC Concerns in relation to UNC Modification 0844 proposals</i> – Joint Office (RH/YRH) to ensure that an extract of the EBCC meeting minutes related to this matter is issued to the Workgroup to ensure EBCC concerns are considered.	Joint Office (RH/YRH)	August 2023	Pending