

Record of Determinations: Panel Meeting, 03 February 2011

Mins Ref	Modification	Vote Outcome	Shipper Voting Members			Transporter Voting Members					Determination Sought
			CWr	PB	RF	CS	CWa	JF	JM	ST	
105.3	0360 - Removal of Credit Rating Restrictions from Definition of Parent Company	The Panel recommend that the modification should follow Urgent procedures with 6 votes cast in favour	✓	✓	✓	✗	✓	✗	✓	✓	Recommend to the Authority that the modification meets the criteria for Urgent procedures

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representative
C Wright, British Gas (CWr) P Broom, GDF Suez (PB) R Fairholme, E.ON UK (RF)	C Warner, National Grid Distribution (CWa) C Shanley alternate for R Hewitt, National Grid Transmission (CS) J Ferguson, Northern Gas Networks (JF) J Martin alternate for A Gibson, Scotia Gas Networks (JM) S Trivella, Wales & West Utilities (RCH)	

Non-Voting Members:

Independent Suppliers' Representative	Ofgem Representative	Chairman
	J Dixon	T Davis, Joint Office (TD)

Also in Attendance:

R Hill, First Utility (RH)

Apologies

A Gibson, Scotia Gas Networks, C Hill, First Utility, R Hall, Consumer Focus, R Hewitt, National Grid NTS, S Leedham, EDF Energy,

Record of Discussions

105.3 Consider New Urgent Modifications

- a) Modification 0360 – Removal of Credit Rating Restrictions from Definition of Parent Company

R Hill introduced the modification and briefly described its aims and objectives, and the reasons for seeking urgent status. Closer consideration of the impact of Modification 0305 (due to be implemented on 07 February) had identified a significant and unintended negative impact on small parties. In First Utility's case, this would result in a need to post cash as security, and this equated to 50% of working capital. This burden was very hard to manage in terms of working capital efficiency. Urgency was therefore sought because of the date related event and the material commercial impact if the situation is not remedied.

JF suggested that the three-month notice of implementation had provided sufficient time for all to prepare to meet the requirements consequent upon implementation of Modification 0305 and, as such, she did not consider that the modification met the criteria for urgency being granted.

PB understood that First Utility had been working through the process with an intention of meeting the requirements. However, difficulties had only become apparent towards the end of the period and, as such, the time allowed was not sufficient for a non-urgent process to be followed. He was therefore supportive of the request for urgent status. RF and CW also accepted there was a case for granting urgent status.

CWr asked if the Proposer intended to post cash or effectively be in breach of the UNC when Modification 0305 is implemented; in terms of urgency, if the Proposer was able to post cash for this month it is not immediately obvious that this could not continue while the normal modification process is followed. R Hill responded that short-term facilities were available and would be used if necessary, but this could not be sustained for any lengthy period of time while what he believed to be an administrative issue in the UNC was addressed under normal timescales. Given this, CWr supported urgent status, together with JM and ST.

JD stated that Ofgem may have a different preferred way forward, but noted the consensus for urgency. It was apparent that some unforeseen circumstances for small Shippers had arisen that had not been flushed out in previous discussions, and had these been identified at the time then representations to Modification 0305 may well have been different. This impact was most pressing on smaller Shippers - Ofgem had received several calls. There was no certainty that Modification 0360 would address all the points raised and there was a prospect of other urgent modifications being raised. It may therefore be preferable to delay the implementation of Modification 0305.

Recognizing that implementation of Modification 0305 had not been deferred, Members then determined by majority vote to recommend that:

- Modification 0360 should follow urgent procedures.

105.4 Any Other Business

None raised.

105.5 Conclude Meeting and Agree Date of Next Meeting

The Panel noted that the next meeting is planned for 10.30 on 17 February 2011 at the Energy Networks Association.