

## Representation - Draft Modification Report 0568

### Security Requirements and Invoice Payment Settlement Cycle for the Trading System Clearer

Responses invited by: **10 March 2016**

To: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

<b>Representative:</b>	Mark Cockayne
<b>Organisation:</b>	Energy Balancing Credit Committee (EBCC)
<b>Date of Representation:</b>	9 March 2016
<b>Support or oppose implementation?</b>	Support
<b>Relevant Objectives:</b>	d) Positive g) Positive

**Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)**

The EBCC are supportive of the intent of this proposal

**Self-Governance Statement:** *Please provide your views on the self-governance statement.*

Our understanding is that at a meeting in November 2015 the Panel determined that the Self Governance criteria are not met and that normal governance procedures should apply, and that the Workgroup agreed with this.

**Implementation:** *What lead-time do you wish to see prior to implementation and why?*

The EBCC believes that should the modification be implemented any resulting change to the Energy Balancing Credit Rules will be subject to the normal notice period referred to in UNC Section X 2.1.4 *“With the approval of the Energy Balancing Credit Committee, National Grid NTS may revise the Energy Balancing Credit Rules upon giving notice to all Users of not less than 2 months or such shorter period as may in any particular case be approved by the Committee.”*

**Impacts and Costs:** *What analysis, development and ongoing costs would you face?*

The EBCC believe that this modification reduces potential financial exposures which in turn reduces the cost of credit to underwrite these exposures.

**Legal Text:** *Are you satisfied that the legal text will deliver the intent of the Solution?*

The EBCC believes the legal text provides clarity in respect of changes pertaining to payment due date, it does not provide clarity in respect of the change of issue date for the Energy Balancing Invoice charges in relation to the Market Operator.

**Modification Panel Members have requested that the following questions are addressed:**

**Q1:** *Respondents are asked to comment specifically on compliance with relevant objective (g), with evidence to support.*

The EBCC understand that moving to an indirect clearing model introduces wider regulation that the Market Operator in its capacity as TSO & TSC are exposed to. E.g. Regulation around being a Recognised Clearing House under the UK's Financial Services and Markets Act 2000 subject to supervision by the Bank of England and also the compliance under EMIR.

**Are there any errors or omissions in this Modification Report that you think should be taken into account?** *Include details of any impacts/costs to your organisation that are directly related to this:*

Legal text could provide more clarity however the EBCC do not believe this should stop implementation.

**Please provide below any additional analysis or information to support your representation**

Details regarding ongoing discussions within the EBCC in respect of these changes can be viewed via minutes of the EBCC published via the Joint Office