

**UNC Energy Balancing Credit Committee Minutes**  
**Wednesday 23<sup>rd</sup> August 2023**  
**via Microsoft Teams**

**Attendees**

Rebecca Hailes (Chair)	(RH)	Joint Office	Non-Voting
Brendan Gill (Secretary)	(BG)	Xoserve	Non-Voting
Claire Jamieson	(CJ)	Xoserve	Non-Voting

**Voting Members Shippers**

Daniel Wilkinson	(DW)	EDF
Kirsty Dudley	(KD)	E.ON (Alternate)
Jane Morrison	(JM)	SSE
Steve Mulinganie	(SM)	SEFE
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**

Laura Dawson

**1.2. Note of Alternates**

Kirsty Dudley for Laura Dawson (E.ON)

**1.3. Quoracy Status**

YRH confirmed the meeting was quorate.

**1.4. Approval of Minutes (24<sup>th</sup> May 2023)**

The minutes of the previous meeting were approved with no comments.

**1.5. Approval of Late Papers**

RH advised that there were no later papers

**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
May 2023	99.33%	99.58%
June 2023	99.47%	100%
July 2023	99.31%	100%

CJ reported that in May the PDD+2 target of 100% was not met due to one user paying late. The late payment was highlighted at the time to the EBCC with payment made by PDD+4.

Failure to Pay Notices Issued:

May 2023	4
June 2023	3
July 2023	2

There are no current concerns with any 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:

May 2023	1
June 2023	0
July 2023	0

Further Security Requests:

There were no further security requests from May through to July. Further Security Requests are issued where there are two cash calls in any 28-day period.

Debt Smearing

CJ talked through the debt smearing for the industry with £61.8m smeared during 2022 and £9.2m smeared in 2023 (Jan-Jul). A peak of £13m was smeared in a single month during September 2022 however, this has now reduced significantly with £174k of debt being smeared in July 2023.

Debt Recovery

CJ reported that a final dividend of £74,652.20 for Orbit will be smeared back to the industry in September 2023. This figure included £9,077.99 of interest. Xoserve received a final dividend of £7,155.81 in relation to the administration of Better Energy. Further dividends are expected later in the year for Utility Business Professional Business Operations and Locus Energy. A payment of £881,569.61 was received in August 2023 from the administrators of CNG relating to the 'new trading period – Ring Fence 2' which will be smeared as a credit back to the industry in September. KD questioned why interest had been paid out for Orbit. BG advised that this was unique in that the assets of the company outweighed the overall claims allowing the administrators to pay interest. KD suggested feeding back to Contract Managers the 'good news' story of dividends now being received and distributed to the industry in the coming months. JM and TG highlighted that it would be good to flag to Ofgem that whilst dividends are being received the amount being received is just a fraction of the overall debt smeared to the industry.

**New Action 0801:** Xoserve (BG) to provide DSC Contract Managers with update on debt and credits following recent distributions/dividends.

**New Action 0802:** Xoserve (BG) to highlight to Ofgem the current debt position and the level of dividends being received which are often a fraction of the overall debt.

### Indebtedness Position at Termination v Current Debt Position

CJ presented the current debt position versus the indebtedness position at termination. JM asked whether this data had been shared with Ofgem. BG confirmed that this had not been shared previously however, this is something that he would look to provide to give Ofgem the visual impact of the debt. SM asked that by providing the information what was the ask of the regulator? JM stated that hopefully, Ofgem would use the data to not only see the level of debt but also to improve the market. SM suggested a lesson learnt exercise with Ofgem to look at whether anything could have been done earlier to reduce the level of exposure. TG commented that the general robustness of companies to hedge could have potentially resulted in some of the failures. TG suggested that the slide should have totals to give the full impact. CJ agreed to update the slide going forward to include totals. DW highlighted that the continued reconciliation debt is likely to be because of poor data from the Shipper/Supplier. Suggestion that PAC could also be included in lessons learnt session if Ofgem agree to one being held.

**New Action 0803:** Xoserve (CJ) to include the total values on the indebtedness position at termination versus the current debt position.

**New Action 0804:** Xoserve (BG) to share Indebtedness Position at Termination v Current Debt Position with Ofgem and offer a lesson learnt session to look at whether action could/should have been taken earlier with some Users in order to prevent financial exposure to the industry

### New Users Credit List Monitoring:

BG reported that there are currently 16 Shippers going through the User Admission process. SJ advised that there were no concerns raised in relation to the Shippers that have entered the market since 2021.

## **3. Modifications**

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

BG reported that this modification has now gone live with National Gas (NG) incorporating the EBCC suggestion that customers entering into a contract with NG will be credit checked.

#### 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. Members agreed to close this action as the Credit Rules were updated to address membership. **Closed**

**0202:** Xoserve (CJ) to circulate Revised EBCR Credit Rules for approval. All Committee Voting Members to respond latest by 01 March 2023. New rules reviewed, approved and published. **Closed**

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

#### 5. Key Messages

Following multiple Shipper failures in 2021 and 2022, Xoserve to contact Ofgem to offer a lesson learnt session (potentially including the Performance Assurance Committee) to see if anything could or should have been done earlier in order to prevent unnecessary financial exposure to the industry. Xoserve will also share with DSC Contract Managers the current debt/credit smearing position.

#### 6. Any Other Business

Nothing to report.

#### 7. 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 22 November 2023	Microsoft Teams	Standard agenda items

**Action Table (as at 24 May 2023)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Due Date	Status Update
0801	23/08/23	2.0	Xoserve (BG) to provide DSC Contract Managers with update on debt and credits following recent distributions/dividends.	(BG) Xoserve	End September 2023	<b>Pending</b>
0802	23/08/23	2.0	Xoserve (BG) to highlight to Ofgem the current debt position and also the level of dividends being received which are often a fraction of the overall debt.	(BG) Xoserve	End October 2023	<b>Pending</b>
0803	23/08/23	2.0	Xoserve (CJ) to include the total values on the indebtedness position at termination verses the current debt position.	(CJ) Xoserve	End August 2023	<b>Pending</b>
0804	23/08/23	2.0	Xoserve (BG) to share Indebtedness Position at Termination v Current Debt Position with Ofgem and offer a lesson learnt session to look at whether action could/should have been taken earlier with some Users in order to prevent financial exposure to the industry	(BG) Xoserve	End October 2023	<b>Pending</b>