

UNC Energy Balancing Credit Committee Minutes
Monday 24 February 2020
via teleconference

Attendees

Lorraine O'Shaughnessy (Chair)	(LOS)	Joint Office	Non-Voting
Karen Visgarda (Secretary)	(KV)	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

Copies of all papers are available at: <http://www.gasgovernance.co.uk/ebcc/240220>

1. Introduction and Status Review

Lorraine O'Shaughnessy (LOS) welcomed everyone to the meeting, and confirmed the meeting was quorate.

She asked the Committee members if they thought that a quarterly meeting schedule was still appropriate, all agreed. A brief general discussion took place and it was agreed that the 18 May 2020 meeting should be a face to face meeting in Solihull.

1.1. Apologies for absence

Brendan Gill (BG) reiterated to the Committee members that Palminder Sandhu had left Xoserve at the beginning of November 2019. He confirmed that until an appointment was made for a replacement Business Process Manager, he would be providing interim cover.

There were no further apologies for absence.

1.2. Note of Alternates

None.

1.3. Approval of Minutes (25 November 2019)

The minutes of the November meeting were approved.

1.4. Review of Outstanding actions

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.

Update: BG overviewed the proposed Energy Balancing Credit Rule changes as detailed below:

- Appendices 6,7 and 8 where Letter of Credit Templates required updating by National Grid Legal to reflect they no longer own/operate the LDZs.
- Sections 1.2.a updated to include alternates and removal of Ofgem.
- Section 1.2.d updated to reflect meetings take place quarterly.
- Sections 7 and 9 updated to reflect change in contacts details.
- Notices detailed within appendices changed to Credit Risk Lead.
- X2.1.4 details that with the approval of the EBCC the rules may be revised upon giving notice to all Users of not less than 2 months or such shorter period if approved by the EBCC.

All Committee members were in agreement with these proposed changes. BG said he would supply a formal draft of the EBCC Rules and Appendices for approval by the Committee members.

New Action 0201: Xoserve (BG) to send the formal draft EBCC Rules and Appendices to the Committee members for approval.

BG then confirmed this action was closed. **Closed.**

Action 1102: Xoserve (BG) to provide monthly updates to the Committee on resolution of the outstanding energy balancing adjustments.

Update: Please refer to Section 3.0 below, for the update in relation to this action. This action was carried forward. **Carried forward.**

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: <https://www.gasgovernance.co.uk/ebcc/opupdates>

A summary of the provided statistics will be presented at the quarterly meetings.

BG reported that during January, there was 1 Cash Call Notice issued and appealed and subsequently withdrawn.

During December, there were 6 Cash Call Notices issued 5 of which related to Better Energy who were terminated in December. One was issued appealed, and subsequently withdrawn.

During November there was 4 Cash Call Notices issued. 1 was and appealed and subsequently withdrawn, 3 were issued and paid on payment due date.

2.2. Further Security Requests (FSRs)

During January, December and November there were no Further Security Requests (FSR).

2.3. Cash Collection

The following performance was reported:

Month	Payment Due Date	Payment Due Date +2
January 2020	99.50 %	100%
December 2019	95.71%	100%
November 2019	98.17%	100%

During January 2020 there were 3 Failure to Pay Notices issued.

During December 2019 there were 7 Failure to Pay Notices issued.

During November 2019 there were 6 Failure to Pay Notices issued.

BG then provided an overview of the Terminated Shipper Update as below:

Shipper	Debt	Action Taken
Shipper (Terminated 27.11.18)	£3,310,521.14	<ul style="list-style-type: none"> Regular Proof of Debt updates provided to the Administrator. Debt smeared 2 months after invoice due date.

Shipper	Debt	Action Taken
Shipper (Terminated 17.12.19)	£96,891.33	<ul style="list-style-type: none"> Awaiting company to be placed into Administration. Advised by Shipper on 18/02/2020 that this will be within next few weeks. Debt smeared 2 months after invoice due date.

BG highlighted that in relation to the Terminated Shipper in December 2019 that their portfolio had migrated later than forecast following a trade sale. The customer in question had been advised by Ofgem to wait for their revocation of their licence before placing the company into administration. As the licence is not due to be revoked until mid March the customer intends to place the company into Administration in line with the Gas Act and expects an administrator to be appointed within 2 weeks. He added that Xoserve plan to discuss the termination of Better Energy Supply Limited with Ofgem as part of our usual lessons learnt. BG planned to highlight the delay in portfolio migration which took over a month to complete following termination creating a larger industry financial exposure than expected.

BG explained that the Xoserve Training Team were in the process of creating a training package for Terminations to be used as a reference for the industry. A webex will be scheduled with the industry upon completion of the package and BG hopes to share the information with the EBCC during the next meeting.

3. Outstanding Energy Balancing Adjustments

BG provided an overview by month of the outstanding energy balancing adjustments, specifically in relation to the one customer that had highlighted a concern in the delay of Xoserve processing, which was raised in 2016, but processed by Xoserve in 2019. He added that the Customer account has been closed, therefore Shipper unable to recover the charges. (£12k Approx.)

BG said the customer in question, wanted to raise with the Committee Members certain areas for discussion which included the areas below:

- 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.

At the previous EBCC BG provided a breakdown of the outstanding Energy Balancing Adjustments that Xoserve were presently addressing, as detailed below:

- 773 Energy Related Adjustments with Xoserve
- 37 related to 2016 which will be processed through remainder of 2019 (120 million kWh)
- 634 related to 2018 (24.5 million kWh)
- 102 relate to 2019 (-8 million kWh)

BG explained some of the outstanding backlog was from 2016 which related to issues with National Gas Control Suite System, and others were in relation to the UK Link Implementation in June 2017.

BG said that the reconciling procedure was a lengthy and complex manual process, and that automation options had been explored but these were rejected due to the high cost, however other automation options were still being investigated. BG added that Xoserve were working with National Grid to produce a consolidation list of adjustments, and once this was confirmed then this would be supplied to the industry and the Committee with a resolution plan.

BG added that the customer in question had also challenged the compliance within the UNC Section S1.83 covering the invoicing adjustments, whereby no adjustments can be made 18 months after the invoice due date, unless the Transporter had given notice or agreed any other period with the User. BG then noted the following points:

- No evidence to date that a formal notice or another period has been agreed with Users.
- Issue highlighted by Xoserve to National Grid seeking what action they wish Xoserve to take.
- National Grid currently consulting with their legal team and internally on way forward.
- National Grid are also continuing to consolidate a full position of adjustments yet to be issued to Xoserve for processing.
- Xoserve working with National Grid to look at solutions to improve the customer experience for Invoice adjustments.

BG then provided a synopsis of the Energy Adjustments for years; 2017, 2018, and 2019 as detailed below:

Energy Adjustment – 2017

Billing Period	SSCs Affected	Energy Diff (Kwh)	EBI invoice
Apr-17	7	-33,090,445	Jan-20
May-17	3	-8,483,890	Jan-20
Jun-17	2	-3,289,483	Jan-20
Jul-17	4	-13,665,484	Jan-20
Aug-17	1	1,727,639	Jan-20
Sep-17	3	7,060,506	Jan-20
Oct-17	6	2,403,081	Jan-20
Nov-17	3	-462,346	Jan-20
Dec-17	6	-39,359,314	Jan-20
	35	-87,159,736	

Energy Adjustment – 2018

Billing Period	SSCs Affected	Energy Diff (Kwh)	EBI invoice
Jan-18	7	-26,494,426	Feb-20
Feb-18	7	-539,900	Feb-20
Mar-18	5	2,851,974	Feb-20
Apr-18	6	2,331,820	Feb-20
May-18	1	211,321	Feb-20
Jun-18	3	1,480,274	Feb-20
Jul-18	4	1,004,130	Mar-20
Aug-18	2	-4,483,762	Mar-20
Sep-18	2	-1,574,025	Mar-20
Oct-18	3	-4,490	Mar-20
Nov-18	3	-50,000	Mar-20
Dec-18	4	-13,732,711	Mar-20
	47	-38,999,795	

Energy Adjustment – 2019

Billing Period	SSCs Affected	Energy Diff (Kwh)	EBI invoice
Jan-19	2	-6,737,477	Apr-20
Feb-19	2	-16,029,530	Apr-20
Mar-19	5	-1,282	Apr-20
Apr-19	3	3,946,750	Apr-20
May-19	1	1,130,449	Apr-20
Jun-19	0	0	Apr-20
Jul-19	0	0	May-20
Aug-19	0	0	May-20
Sep-19	3	-15,001,802	May-20
Oct-19	3	-4,490	May-20
Nov-19	1	-1,019,757	May-20
Dec-19	0	0	May-20
	20	-33,717,139	

BG confirmed he would be supplying further information obtained from National Grid in respect of the approach and status.

New Action 0202: Xoserve (BG) to provide an update on the information provided by National Grid in respect of the approach and current status of the Energy Balancing Adjustments

BG confirmed this action should be carried forward awaiting further updates. **Carried forward.**

4. Modifications

None.

5. Key Messages

None.

6. Any Other Business

6.1. Meeting on 18 May 2020.

BG proposed that the 18 May 2020 could be a face to face meeting, as he felt the Road Map of Termination process could then be presented and that he would then have the Ofgem Termination update. All Committee members felt a face to face meeting would be of benefit and agreed.

7. Diary Planning

LOS confirmed the meeting on 18 May 2020 would be a face to face meeting and would be held in Solihull.

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 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 24 February 2020)

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)	Closed
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)	Carried forward
0201	24/02/20	1.0	Xoserve (BG) to send the formal draft EBCC Rules and Appendices to the Committee members for approval.	Xoserve (BG)	Pending
0202	24/02/20	3.0	Xoserve (BG) to provide an update on the information provided by National Grid in respect of the approach and current status of the Energy Balancing Adjustments	Xoserve (BG)	Pending