

Distribution Commercial Forum
Credit Cover Sub Group
Minutes of Meeting held 30 Nov 2004

Attendees

Louise Boland (Opus) (Chair)LB	Lindsay McNicol (Scottish Power)....LM
Melanie Chilcott (Scottish Power)..MC	David Edward (Ofgem).....DE
Ron Slade (Edf).....RS	Mike Harding (YEDL).....MH
Amanda Rose (npower)AR	Carl Wilkes (npower).....CW
Dipen Gadhia (Ofgem)DG	Angus Rae (SSE)AR
Keith Munday (Bizz Energy).....KM	

Minutes

- 1) DE welcomed all and introduced LB as chair. DE explained objective of the subgroup was to implement the necessary changes arising from Ofgem's publication of the Credit Cover Consultation conclusion document.
- 2) DE expects conclusion document to be published in January but may fall back to February 05.
(Action: DE to give progress report at next meeting in Jan)
- 3) **TIMETABLE**
MH laid out 28 day notice for change under DUOSA with possible further period of determination. General agreement that this makes timetable difficult/impossible to achieve considering legal drafting, negotiation, board approval and implementation required by 1 April 05. All agreed that it would be better to put appropriate arrangements in place with a delayed implementation date, than to rush through an incomplete implementation.
(Action: DE confirmed it likely that exiting interim credit cover arrangements will continue if implementation is delayed past 1 Apr 05, but will confirm and return with firmer view on this)
- 4) It was agreed that legal drafting could not commence until the final conclusion document was produced in Jan/Feb 05, but that progress could be made on a change requirements document, based on Ofgem's consultation proposals, in the meantime.
- 5) It was agreed that until a universal DUOSA was created (a possible long term aim of the DCF) changes to implement the consultation would need to be made in each of the existing bilateral agreements in the industry.
- 6) **DISPUTE RESOLUTION**
It was agreed that where disagreements occur within the group on drafting issues, if Ofgem could provide indications of its views on the matter to the subgroup this could limit the number of issues pushed to a formal determination process and could expedite drafting. DE stated that Ofgem could not make judgements on such matters but could provide guidance.
- 7) **LEGAL DRAFTING**
MH stated that Herbert Smith had, in the past, demonstrated a desire to re-write the Schedule 1 of the DUOSA. The issue of funding was discussed with a suggestion that it would be appropriate for NWOs to fund the legal drafting. Since 3 NWO groups were not represented at the meeting, a way forward on this issue was not agreed at this stage.
- 8) It was estimated that redrafting would cost £50-100k.

9) DRAFTING REQUIREMENTS

The group stepped through the main changes proposed by Ofgem to the cover arrangements and identified where industry agreements would need to be altered to implement these changes. LB agreed to summarise these and circulate to all for further review. (Please see document entitled DUOS Credit Cover – Drafting Assessment for further details.)

- 10) RS and MH agreed to review the Drafting Assessment document and commence some work towards a Drafting Requirements document. This document would be used as the basis for discussion within the group with a view to finalising a version suitable for guidance for legal drafting. It was agreed that this document would be circulated to the group and that comments should be returned to LB for collation. The collated responses will then be circulated to all for discussion at the next meeting.
- 11) A suggestion was raised that other areas of the DUOSA could be tightened up at the same time (such as the format of invoices) but some expressed the view that the remit should be kept to the credit cover arrangements.
- 12) Next meeting agreed for 14th Jan 10.00am. A room has been booked at Ofgem's Millbank office.