

Distribution Commercial Forum
Credit Cover Sub Group

Minutes of Meeting held 18 May 05

Attendees

Louise Boland (Opus) (Chair)	LB	Mike Harding (Laing)	MH
Amanda Rose (npower).....	AR	Keith Munday (Bizz Energy)	KM
Melanie Chilcott (Scottish Power)	MC	Dipen Gadhia (Ofgem).....	DG
Carl Wilkes (npower)	CW	Karl Williams (Western Power).....	KW
Craig Neil (SSE).....	CN	Steve Mckay (Ofgem)	SM
Ron Slade (EDF)			

Minutes

- 1) MC updated the group that volunteers for the Credit Working Group will be requested at the next COG meeting on Monday 23rd May. LB informed the group that Mike Vallance and Jeremy Bishop of NGT had expressed an interest in being part of the Working Group. (Michelle Simpson is on maternity leave) The Working Group will look at:
 - a. Tendering for Independent Credit Assessment for Low and Unrated Companies
 - b. Rating the effectiveness of certain forms of Collateral
 - c. Providing a standard wording for PCGs
 - d. Standard wording for advanced and prepayment agreements including how interest will be handled
- 2) Ofgem provided the group with a view of an open letter shortly to be released which provided clarity on a number of issues raised to date. These points of clarification were included when agreeing the draft changes to the DUOSA.
- 3) The group then stepped through the DUOSA to agree the final wording to be passed to the lawyer for legal drafting.
- 4) There was some discussion over whether an initial signatory to the DUOSA should provide £1000 as an initial deposit. One NWO felt that this was essential. The majority view was that this would move away from the guidelines laid down by Ofgem, so an initial deposit was not included in the template wording.
- 5) The group agreed to take up AR's suggestion that increased cover should be provided within 5 working days, rather than 2 working days in the drafting of the amended DUOSA. There was general feeling that 2 working days was impractical and workable for the industry. Since this moves away from the Ofgem guidelines, LB agreed to get an Ofgem view on whether this was acceptable.
- 6) CN suggested that clause 8A (payment default terms) may be incompatible with clause 18 (termination terms) of the main agreement. LB agreed to ask the lawyer to review this during the legal drafting.
- 7) There was some discussion over where the level of materiality should be set for section 2.35 which resets the payment record startdate after a payment failure. Since no consensus was reached, this variable was left blank to be agreed during bilateral discussions.
- 8) There was some discussion over whether Schedule 6 should be strengthened to remove the ambiguity surrounding what counted as a designated dispute. There was disagreement over whether an amendment to schedule 6 was within the scope of the group. DG agreed to come back to LB with Ofgem's view on this matter.
- 9) There was some discussion over the number of days within which a NWO should respond to a supplier request for information on its indebtedness ratio. Opinions varied between 1 and 10 working days.
- 10) MH agreed to update the DUOSA with the amendments agreed to date. LB to circulate to all prior to dispatch to Wragge and Co via COG for drafting.