

UNC DSC Credit Committee Minutes
Monday 21 January 2019
via teleconference

Attendees

Chris Shanley (Chair)	(CS)	Joint Office	Non-Voting
Kully Jones (Secretary)	(KJ)	Joint Office	Non-Voting
Adam Lane	(AL)	Shipper	Voting Member
Brendan Gill	(BG)	CDSP	Non-Voting
Lorette Turner	(LT)	Transporter	Voting (alternate)
Pin Sandhu	(PS)	CDSP	Non-Voting
Phil Lucas	(PL)	Transporter	Voting Member
Sallyann Blackett	(SB)	Shipper	Voting Member
Sandra Dworkin	(SDw)	CDSP	Non-Voting
Sue Davies	(SDa)	Transporter	Voting Member
Theresa Thompson	(TT)	Transporter	Non-Voting
Thomas Butler	(TB)	Transporter	Voting Member

Copies of all papers are available at: <http://www.gasgovernance.co.uk/dsc-credit/210119>

1. Introduction and Status Review

Chris Shanley (CS) welcomed everyone to the meeting.

1.1. Apologies for absence

Apologies were received from Phil Cushen.

1.2. Note of Alternates

Lorette Turner for Phil Cushen.

1.3. Approval of Minutes (18 December 2018)

The minutes were approved.

1.4. Review of outstanding actions

Action 1201: CDSP to provide a verbal Key Messages update to the DSC Contract Management Committee (including the actions taken with regards to UPB).

Update: SDw explained that she was looking to do this at the DSC Contract Management Committee meeting in February. **Carried Forward.**

2. Approve changes to the DSC Credit Rules/DSC Security

Sandra Dworkin (SDw) reported that the main changes to the DSC Credit Rules are in relation to the Parent Company Guarantee changing the document to state "England and Wales", removing references to facsimile (fax), some minor wording changes, and a change to the Xoserve logo. She confirmed that Xoserve are currently reviewing the rules in more detail in line with the DSC Credit Policy but would like to seek agreement to publish version 2.1 in the interim.

SDw highlighted that ordinarily 2 months' notice is provided for a change to the rules but given the minor nature of the changes she asked that the Committee to use their powers to agree the changes to be made immediately.

DSC Credit Committee agreed to approve version 2.1 DSC Credit Rules with immediate effect.

3. CDSP Operational Report

3.1. CDSP cash collection update for December

SDw reported that the cash due to be collected in December was £6,015,776.73. The following performance was reported for cash collected:

Month	Payment Due Date	Payment Due Date +3
November 2018	99.26%	99.61%
December 2018	98.71%	99.70%

3.2. CDSP security management update

SDw provided an update on customer security:

- 97% of customers are unsecured supported by a Published Credit Rating from Experian, Graydons or D&B.
- 2% are underwritten by a third party Parent Company Guarantee
- 1% of customers have a credit limit of £500 or below and are not supported by a Published Credit Rating.

3.3. Breach of a DSC Credit Limit, Late or non-payment of CDSP Charges

There were 17 Failure to Pay Notices issued in November, with a total value of £61,347.94. The breakdown as follows:

- 1 notice for General Services, paid one day late for £45K;
- 7 notices for Specific Services for £12K, and
- 9 notices for Third-Party Contracts for £4K.

SDw reported that although the Third-Party Contracts received the most notices the value was just above £4K. In addition, a further 2 Third-Party customers paid late but notices were not issued as the values were below £5. This highlights the workload around smaller values.

3.4. Further actions following failure notices

SDw highlighted a number of suppliers that had ceased trading and are currently in administration and that the total outstanding debt is approximately £46K inc VAT.

The majority of this value is related to Utility Professional Business Operations, Shipper Short Code UPB, who were terminated in November with a debt of approximately £36K inc VAT. Administrators have been appointed and a Proof of Debt submitted.

SDw provided an update on Economy Energy Trading Limited who ceased trading in January with a final debt balance of approximately £1.6K. She reminded the committee that previously it was agreed that all debt under £1000 would not be pursued with administrators. A brief discussion was held on whether this includes or excludes VAT. The committee agreed that the £1000 is exclusive of VAT and supported recovery being pursued with regards to Economy Energy Trading Limited.

4. Terminations – Lessons Learned

Brendan Gill (BG) provided a walkthrough of the presentation titled *DSC Default Process*. He explained that UPB was the first DSC related termination that led to a UNC default and he welcomed feedback on how the process can be improved in future.

The presentation covered the following areas:

- Failure to make payment under the DSC
- DSC Default
- UNC Default
- Recovery Steps
- Termination Decision Tree
- Areas for Improvement.

Phil Lucas (PL) sought clarification of the notice to customers in the event of a failure to make payment under the DSC and specifically that a Committee meeting is convened where a customer has failed to pay. He asked if there was any discretion in the rules on whether a meeting is needed for every debt and specifically in relation to small debts as this may lead to the need for several meetings (slide 3).

BG confirmed that previously it has been agreed that all values should be brought to the attention of the Committee. The Committee's views would therefore be sought for all cases including if the discussion can wait for the next scheduled meeting.

Sue Davies (SDa) suggested that where the debt is less than £1000 the discussion should take place at the next scheduled meeting.

Theresa Thompson (TT) asked if credit ratings are taken into consideration. SDw confirmed that the trigger is the late payment and therefore the late payment process is followed as set out in the contract.

The Committee then approved that Xoserve would continue to notify Committee members when a 'Notice Of Failure to Pay Invoice' was not satisfied (payments more than 3 days overdue) however an emergency meeting should only be convened if the debt is above £1000, exclusive of VAT. The debt would be discussed at the next scheduled meeting.

DSC Credit Committee approved that an emergency meeting in respect of an unpaid 'Notice of Failure to Pay Invoice' should only be convened if the debt is above £1000, exclusive of VAT. The debt would be discussed at the next scheduled meeting.

BG then briefly explained the circumstances and policy in relation to a DSC and UNC Default (see slides 4 and 5) before showing a flow diagram for the DSC Termination Decision Tree (slide 6).

PL asked that the slides be clarified to state the transporter issues the termination notice and not CDSP.

In terms of the recovery steps, BG confirmed that CDSP will provide regular progress updates to the Committee and debts will be recovered in accordance with the Budget and Charging Methodology. PL asked how the UPB £36K debt will be shared across the community and BG agreed to investigate this.

New Action 0101: CDSP (BG) to confirm how the UPB debt will be shared across the community.

In terms of areas for improvement, BG informed the Committee that a training package is being developed for both internal and external Users to raise awareness of the Terminations process.

A number of suggestions were offered by the Committee for consideration and inclusion in the training package:

- Clarification of what will be invoiced in the case of Supplier of Last Resort.
- Deed of undertaking – clarification of the 25 days. BG stated that this is also being considered by the customer lifecycle team.
- Deed of undertaking – clarification of what would happen if one DN decides to terminate and another one doesn't. BG suggested that if a deed of undertaking is triggered it would cover all Transporters and not a single DN. SDa queried this stating that originally separate agreements were in place, but BG highlighted that this changed about 15 years ago when a decision was made to manage at a total Energy level. SDa suggested that this needs to be reviewed and whether it should include Transportation and Energy.

5. Key Messages

CS referred the Committee to the outstanding action discussed earlier and suggested that aspects of this meeting could be included in the planned update to the DSC Contract Management Committee.

6. Any Other Business

None raised.

7. Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	Venue	Workgroup Programme
13:30 -14:30 18 February 2019	Teleconference	Standard agenda items

Action Table (as at 21 January 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1201	18/12/18	4.0	CDSP to provide a verbal Key Messages update to the DSC Contract Management Committee (including the actions taken with regards to UPB).	CDSP (SDw)	Carried Forward
0101	21/01/19	4.0	CDSP (BG) to confirm how the UPB debt will be shared across the community.	CDSP (BG)	Pending