

UNC DSC Credit Committee Minutes
Monday 25 November 2019
via teleconference

Attendees

Helen Cuin (Chair)	(HC)	Joint Office	Non-Voting
Kully Jones (Secretary)	(KJ)	Joint Office	Non-Voting
Brendan Gill	(BG)	CDSP	Non-Voting
Jane Morrison	(JM)	SSE	Shipper Voting Member
John Cooper	(JC)	BUUK	Transporter Voting Member
Joanna Ferguson	(JF)	Northern Gas Networks	Transporter Voting Alternate
Lavinia Mistreanu	(LM)	E.ON	Shipper Voting Member
Lorette Turner	(LT)	Cadent	Transporter
Phil Cushen	(PC)	Cadent	Transporter Voting Member
Stephen Cross	(SC)	SGN	Transporter Voting Member
Sue Davies	(SDa)	WWU	Transporter Voting Member

Apologies

Ian Clark	(IC)	Northern Gas Networks	Transporter Voting Member
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Copies of all papers are available at: <http://www.gasgovernance.co.uk/dsc-credit/251119>

1. Introduction and Status Review

Helen Cuin (HC) welcomed everyone to the meeting, particularly the new members.

She reminded committee members that this was the first quarterly meeting since the decision was taken in July to move from monthly meetings.

HC briefly outlined that the role of the Committee is to assist the CDSP in connection with the management of credit risk to the CDSP. The functions of the committee are outlined within the Credit Policy. Both the Credit Policy and Credit Rules are published at: <http://www.gasgovernance.co.uk/dsc-credit/>.

The Committee is required to meet at least quarterly or a lesser period as determined by the DSC Credit Committee.

For the purposes of new members, she reminded everyone that members are representatives in their own right and do not represent the company that employs them. A list of all members and standing alternates is published on the Joint Office website: <http://www.gasgovernance.co.uk/dsc-credit/>. For the purposes of voting a quorum of three voting members, or appointed alternate(s), is required and decisions are made by a simple majority vote. HC encouraged all representative to provide an alternate if this has not already been provided.

In addition to the regular meetings, should the need arise for the CDSP to consult with the Committee on a particular issue or in relation to any aspect of its functions, an operational meeting or emergency meeting can be called. These can be convened at 36 hours' notice (or less in exceptional circumstances). In these situations, the DSC Credit Committee chair may be an Operational Manager within Xoserve/CDSP.

Committee members provided their consent for Joint Office to share their contact details (email addresses) with Xoserve for the purposes of enabling the CDSP to communicate directly with committee representatives should the need arise.

1.1. Apologies for absence

Apologies were received from Ian Clark.

1.2. Note of Alternates

Joanna Ferguson for Ian Clark

Lorette Turner (LT) confirmed that she will be replacing Phil Cushen as the Transporter Representative from Cadent.

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

1.3. Approval of Minutes (29 July 2019)

The minutes of the July meeting were approved. It was noted that meetings did not take place in August, September or October.

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: BG confirmed that an update will be provided under agenda item 4.0. HC confirmed there is a standard agenda item on the DSC Contract Management Committee for key committee updates from Xoserve. **Closed**

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

BG provided a brief update confirming that an internal review of the DSC Credit Rules and Policy has been undertaken and meetings have also taken place with the legal team to review the published legal agreements within the rules.

He confirmed that following a review of the DSC Credit Policy there are no proposed changes, but a number of changes are proposed for the Credit Rules.

The next step is for the CDSP to seek feedback from the committee on these changes. BG stated that he would also circulate the policy to members for comments.

3. CDSP Operational Report

3.1. CDSP cash collection update for October.

BG reported that the cash due to be collected in October was £7,903,825.41. He reminded members that cash collection on payment due date + 3 business days for all debt above £1000 over 3 days, is escalated to the DSC Credit Committee but debt under £1000 ex VAT is only discussed at the next operational meeting.

The following performance was reported for cash collected:

Month	Payment Due Date	Payment Due Date +3
October 2019	69.78%	74.38%
September 2019	85.15%	99.46%

BG highlighted that the performance for October in relation to cash collected by payment due date + 3 business days for October was 74.38%. This was mainly due to River Anderson who is a large CDSP customer not approving an invoice on their system for £1.9m. Further details are provided below under agenda item 3.3.

3.2. CDSP security management update

BG 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 secured – exposure underwritten by a third-party Parent Company Guarantee (i.e. a letter of credit or 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

BG said there were 30 Failure to Pay Notices issued in October with a total value of £2,366,572.81.

The main customers by River name and the values and reason for paying late are provided in the table below:

River Name	Service	Days Late	Value (£)	Reason
Anderson	General Services	6	£1,982,552.40	Invoice was not approved in system
Cerne	General Services	2	£330,073.20	Internal administration issues.
Wandle	Specific Services	7	£1,870.44	Copy of Invoice sent to customer as this was not in there work queue
Ryton	Specific Services	7	£3,745.12	Customer missed payment run
Bann	Specific Services	12	£2,059.34	Invoices were not on new system been used by customer

He reminded members that where payment is late, the CDSP will issue late payment charges within the quarter. Frequent late payers are also highlighted to the Customer Advocate Team in an effort to remedy the late payments.

3.4. Further Actions following failure notices

BG said there no further actions.

4. CDSP to confirm how the UPB debt will be shared across the Community.

BG provided a breakdown of CDSP debt for information. He indicated that the publication would not be published due to confidential commercial information.

In terms of terminated contracts, he highlighted that the vast majority of the total debt is attributed to the failure of one Shipper (approx. £37m). Where the debt value is less than £1,000 the CDSP will not pursuing the debt through administrators. 5 Shippers with a total debt value of approximately £44m have had their proof of debt lodged with administrators.

BG suggested that CDSP debt could be smeared across the community through the General Services invoice however, this would need agreement by the industry.

BG pointed out that previously the committee had been advised that the budget and charging methodology are not aligned. He reminded members that section 2.2 of the DSC Credit Rules state that:

“the effect of the provisions of the Budget and Charging Methodology Document is that if Customers fail to make payment of any invoice issued when due, all other customers shall become liable for (in aggregate) for an equivalent amount (together with an amount in respect of the cost of financing such non-payment)”

BG reported that the DSC Contract Managers Committee was not the correct process for discussion of the misalignment, and it should be discussed first at the DSC Change Committee. He added that a meeting has been scheduled for 03 December between Xoserve Finance and Xoserve DSC Contract Manager to work through the issue before presenting at the DSC Change Committee.

5. Update of DSC Credit Rules Review

This was covered under agenda item 2.0 above.

6. Operational Pack – Format/Style/Content

BG sought feedback from the committee on whether the operational pack was fit for purpose or were there any suggestions in relation to the format, style or content that were needed to make it a more effective document.

It was agreed to leave this as a standard agenda item.

7. Key Messages

There were no key messages noted for escalation to the DSC Contract Management Committee.

8. Any Other Business

No items were raised.

9. Diary Planning

HC revisited the frequency of committee meetings to check that members were still content to meet on a quarterly basis and also suggested that the timings of the meetings move from the afternoon to the morning.

Committee members agreed that quarterly meetings were appropriate given that additional meetings can be convened if required. Members also agreed to move to morning meetings starting at 9:30.

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

Time / Date	Venue	Workgroup Programme
09:30 – 10:30 24 February 2020	Teleconference	Standard agenda items
09:30 – 10:30 18 May 2020	Teleconference	Standard agenda items
09:30 – 10:30 17 August 2020	Teleconference	Standard agenda items
09:30 – 10:30 23 November 2020	Teleconference	Standard agenda items

Action Table (as at 25 November 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 (BG)	Closed