

**UNC DSC Credit Committee Minutes**  
**Tuesday 07 September 2021**  
**via Microsoft Teams**

**Attendees**

Yvonne Reid-Healy (Chair)	(YRH)	Joint Office	Non-Voting
Maitrayee Bhowmick-Jewkes (Secretary)	(MBJ)	Joint Office	Non-Voting

**Shipper User Representatives (Voting)**

Jane Morrison	(JM)	SSE
Oorlagh Chapman	(OC)	Centrica
Steve Mulinganie	(SM)	Gazprom

**Transporter Representatives (Voting)**

Elisa Trout	(ET)	Northern Gas Networks
Kundai Matiringe	(KM)	BUUK
Sharon Texeira	(ST)	Cadent
Howard Gormley	(HG)	Cadent
Smitha Coughlan	(SCo)	Wales & West Utilities
Richard Loukes	(RL)	National Grid NTS

**CDSP Credit Representatives (Non-Voting)**

Sharon Bright	(SB)	Xoserve
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Copies of all papers are available at: <http://www.gasgovernance.co.uk/dsc-credit/070921>

**1. Introduction**

Yvonne Reid-Healy (YRH) welcomed all representatives to the meeting.

**1.1. Apologies for absence**

Brendan Gill, Xoserve.

Joanna Bulley, E.ON.

Stephen Cross, SGN.

Lorette Turner, Cadent.

**1.2. Note of Alternates**

Sharone Texeira and Howard Gormley alternate for Lorette Turner.

**1.3. Quoracy Status**

YRH confirmed the meeting was quorate.

**1.4. Approval of Minutes (25 May 2021)**

The minutes of the previous meeting were approved.

**1.5. Approval of Late Papers**

There were no late papers to consider.

**2. CDSP Operational Report**

## 2.1. CDSP cash collection update

Sharon Bright (SB) presented the DSC Credit Committee Operational Statistics, providing the monthly breakdown of the invoices due, the percentage breakdown of cash collected on the payment due date and cash collected +3 days:

Month	Invoices Due for Collection	Payment Due Date	Payment Due Date +3
May 2021	£8,967,395.23	98.31%	99.68%
June 2021	£9,786,295.66	93.27%	95.95%
July 2021	£7,796,539.85	98.26%	98.92%

SB noted there had been a dip in collection performance for June due to a higher volume of invoices being issued because of the annual IX charge being invoiced to users.

SB confirmed there were no concern in terms of customer's ability to pay as a result of COVID-19 and there have been no signals that customers were having difficulties paying in the current climate and the position was stable.

Month	Failure to Pay Notices Issued	Value
May 2021	18	£19,406.82
June 2021	37	£575,650.96
July 2021	21	£44,752.35

## 2.2. CDSP security management update

### Security:

SB provided an update on security, noting:

- There were no significant downgrades to report or action to be taken resulting from companies moving to a high risk category.
- Daily alerts monitor any changes in Security customers credit ratings.

SB noted that in response to Action 0502, the securities slides had been updated:

Type of Security	Number of Customers	Percentage	Financial Value
Unsecured – Services provided to customers supported by a published Credit rating from Graydons or Experian	352	89%	Total of invoices due in August £7,206.842. Total credit rating for these 167 customers total £84,612,605.
Prepayment customers	31	8%	Payment is made before service is provided.
Secured with a Letter of Credit or Parent Company Guarantee	10	2%	£553,591
Immediate Payment Terms Awaiting	3	1%	Combined monthly invoice value for all 3 users £98,682.79

SB explained the majority of the customers were secured based on Graydons credit rating. These customers credit rating justified their unsecured service invoices. However, SB noted that this was a moving target and daily alerts updated the system. Similarly, the other categories of customers security is based on the snapshot above and if any changes are required the customers are advised accordingly.

SB added that the smallest portion of customers are on immediate terms of payment and if an invoice was issued, they were required to make a payment on the same day.

The Committee were satisfied and noted Action 0502 could be closed.

#### Direct Debits:

SB presented a brief update on Direct Debits, advising that Xoserve had now completed all steps and obligations to be able to offer Direct Debit as a method of payment for DSC invoices. SB added:

- Xoserve required additional access to Barclays.net to be able to process Direct Debit collections which was granted.
- First successful collection in August 2021.
- 14 customers now set up in Barclays for Direct Debit invoice settlement.
- CDSP is trying to push for more customers to sign up.

Steve Mulinganie (SM) asked whether the CDSP will be targeting ad-hoc payment customers. SB confirmed they would and noted the Direct Debit payments would be more beneficial for these customers.

#### Invoicing:

SB provided a brief update noting that there were no invoicing issues reported during the quarter and there was a total of £4,280.74 in Late Paid Interest charges invoiced across in May, June and July 2021.

### **3. CDSP Outstanding Debt Position**

SB presented the current debt profile based on age for debts over £1k, in response to Action 0501.

SB noted in terms of Debt:

- Debt over £1k is pursued through administrators.
- 13 failed users having a Proof of Debt report lodged with their administrators, including 4 shippers 9 suppliers.
- £310,968.47 of debt is being pursued through administrators, and following discussions with administrators this debt has been reduced to £143,478.36.
- Final dividend offer of £2,136.20 received from administrator in response to Proof of Debt for GB Energy Supply Limited. This will leave their debt at £2,690.52.

The Committee discussed a number failed users who had entered administration and how the accrued debt could be recovered.

### **4. Direct debit**

This item has been covered under Agenda item 2.

### **5. Review of Outstanding Actions**

**Action 1102:** Xoserve (SB) to produce a draft Deposit Deed document for the Committee Members to assess.

**Update:** SB noted the Deposit Deed document had been drafted and was currently with the Xoserve legal department for review and would be presented to the Committee once it was ready. SB noted that Xoserve currently use Correla's legal team on a part time basis which is why the matter has taken longer. SM stated that if Xoserve and Correla were using the same legal team, it could cause a conflict of interest because of the contractual relationship between the two organisation. SB advised she would advise the Committee on the legal advice procured by Xoserve. **Carried Forward**

**New Action 0902:** Xoserve (SB) to review the legal advice procured by Xoserve and clarify whether there was any conflict of interest.

**Action 0202:** *Reference Green Network Energy Limited* – Xoserve (BG) to look to confirm what DSC Charges are involved for setting security purposes.

**Update:** SB advised this action was not relevant as this information has already been presented. **Closed**

**Action 0501:** Xoserve (BG) to capture a debt profile based on age for debts over £1k.

**Update:** This action was covered under Agenda item 3. **Closed**

**Action 0502:** Xoserve (SB) to revise the Securities slide information.

**Update:** This action was covered under Agenda item 3 . **Closed**

**Action 0503:** Xoserve (BG) to liaise with the Xoserve customer lifecycle team regarding the IGT Deed of Understanding.

**Update:** SB advised BG was still reviewing this and an update can be expected by the next meeting. **Carried Forward**

## 6. Key Messages

It was agreed that there are no 'Key Messages' for dissemination following this meeting.

## 7. Any Other Business

### 7.1. Failed User BE 2020

SM asked whether the Committee would review the position of BE 2020 as a failed user at the next meeting. SB noted there were no updates to share at this time and therefore she could not advise whether this item would be added to the agenda for discussion, but noted that she would write to the Committee to share any additional information if it became available before the next meeting.

SM asked if there was a need for an urgent meeting to review the failed user's debt position. SB advised that the company did not have a DSC debt as their invoice has been settled. SM accepted this.

## 8. Diary Planning

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 23 November 2021	Teleconference	Standard agenda items, plus <ul style="list-style-type: none"> <li>Legal and contractual relationship between Xoserve and Corella</li> </ul>

### Action Table (as at 07 September 2021)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1102	23/11/20	2.2	Xoserve (SB) to produce a draft Deposit Deed document for the Committee Members to assess.	Xoserve (SB)	Carried Forward
0202	24/02/21	7.1	<i>Reference Green Network Energy Limited</i> – Xoserve (BG) to look to confirm what DSC Charges are involved for setting security purposes.	Xoserve (BG)	Closed
0501	25/05/21	2.2	Xoserve (BG) to capture a debt profile based on age for debts over £1k.	Xoserve (BG)	Closed
0502	25/05/21	2.2	Xoserve (SB) to revise the Securities slide information.	Xoserve (SB)	Closed
0503	25/05/21	7.3	Xoserve (BG) to liaise with the Xoserve customer lifecycle team regarding the IGT Deed of Understanding.	Xoserve (SB)	Carried Forward
0901	07/09/21	6.0	Xoserve (SB) to review the legal advice procured by Xoserve and clarify whether there was any conflict of interest.	Xoserve (SB)	Pending