

**UNC DSC Credit Committee Minutes**  
**Monday 13 December 2021**  
**via Microsoft Teams**

**Attendees**

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

**Shipper User Representatives (Voting)**

Jane Morrison	(JM)	SSE
Kirsty Dudley	(KD)	E.On
Steve Mulinganie	(SM)	Gazprom

**Transporter Representatives (Voting)**

Elisa Trout	(ET)	Northern Gas Networks
Kundai Matiringe	(KM)	BUUK
Stephen Cross	(SC)	SGN
Howard Gormley	(HG)	Cadent
Samuel Lyons	(SM)	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/131221>

**1. Introduction**

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

**1.1. Apologies for absence**

None.

**1.2. Note of Alternates**

Howard Gormley for Lorette Turner, Cadent

Samuel Lyons for Smitha Coughlan, Wales & West Utilities

**1.3. Quoracy Status**

YRH confirmed the meeting was quorate.

**1.4. Approval of Minutes (24 August 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
August	£7,686,441.90	£7,472,224.28	£7,668,980.10
September	£7,725,762.50	£7,632,946.69	£7,670,828.50
October	£9,139,689.82	£8,460,080.78	£8,503,084.99

SB noted there had been a dip in collection performance in August due to one large value invoice being paid late. October also saw a dip due to one customer paying their invoice late and not receiving settlement from a customer who is exiting the market.

SB confirmed there had been an increase in Failure to pay Notices being issued as a result of recent market volatility.

Month	Failure to Pay Notices Issued	Value
August	14	£213,742.78
September	17	£49,533.74
October	22	£436,472.69

Steve Mulinganie (SM) asked how the Failure to Pay Notices would be neutralised across the industry, noting that as these were because of Shipper failures, Distribution Network Operators (DNs) would not be expected to pay towards these outstanding charges.

SB advised she would have to revert to the Committee with this information. The usual process would be that any debt is pursued through a failed User’s administrators, which can be a lengthy process.

**New Action 1201:** Xoserve (SB) to advise how the Failure to Pay Notices for failed Shippers will be neutralised across the industry.

## 2.2. CDSP security management update

### Security:

SB provided an update on security, noting:

- No significant downgrades identified requiring action to be taken.
- Ongoing management of daily alerts to monitor any changes in customers credit ratings.
- 1 customer has been requested to place additional security due to their credit rating dropping during this quarter.

### Escalation:

SB advised one escalation had been made to the Committee in September due to a User not paying their DSC invoice. Committee made the decision to terminate this user from their contract.

Invoicing:

SB provided a brief update noting that there were no invoicing issues reported during this quarter and the total of in Late Paid Interest charges invoiced in August, September and October £2,355.86.

Outlook:

SB advised that Xoserve have continued to engage early with customers leading up to payment due date and are continuing with Direct Debit implementation and pressing to sign up further customers to the Direct Debit mandate.

### 3. CDSP Outstanding Debt Position

SB presented the debt position noting:

- 18 users failed between August and October leaving a debt of £53,272.16.
- Debt over £1k pursued through administrators via proof of debt.
- Total DSC debt being pursued through administrators is £212,061.46

SB presented the current debt profile based on age for debts over £1k, advising that debts over £1k would be pursued through the failed User's administrators and the Committee would be asked to approve the write off for any debts under £1k.

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

SB highlighted GB Energy Supply Limited noting this was an older debt. The User had ceased trading in 2016 and an administrator had been appointed and proof of debt lodged. A payment of £300.44 was received in May 2020 with a final second payment of £2,136.20 made in August 2021, leaving a debt of £2,690.52. SB asked the Committee whether they would write off the outstanding balance for this User because of the age of the debt and the view that any further payment was not likely.

SM agreed with this approach. SB stated she would write to the Committee to formally seek approval of this along with any other pertinent information.

**New Action 1202:** Xoserve (SB) to write to the Committee for approval to accept the GB Energy's administrator's proposal for final offer of £2,136.20.

**New Action 1203:** Xoserve (SB) to send list of historic outstanding debts to the Committee to review and decide on whether to write off or pursue, and for approval at the 2022 Q1 DSC Credit meeting.

SM asked what the position was with Bulb Energy. SB advised Bulb have a Parent Company Guarantee in place against any charges accrued.

SM suggested that as Bulb was currently in Special Administration, they should be subjected to the Failure to Pay process and immediate payment should be requested.

SB noted Bulb have no other alternate arrangements to pay in place at the moment and she would review the matter and report back to the Committee. SB added Bulb were current operating under Business As Usual processes, noting if they did not pay an invoice the immediate payment clause would take effect. At present, all of Bulb's invoices have been paid and no risks have been flagged.

**New Action 1204:** Xoserve (SB) to clarify what is the payment requirement for Bulb whilst in special administration.

#### 4. CNG update

SB provided a high level view on Contract Natural Gas (CNG's) termination, noting the managed exit of CNG took place as expected on 30 November while CNR (CNG 2) had been terminated on 24 November. This provided the Suppliers on CNG's portfolio time to make alternative shipping arrangements and for CNG's portfolio to be migrated to alternative Shippers, whilst gas continued to be provided to CNG through Glencore and existing commercial arrangements.

Failure to Pay notices have continued to be issued to CNG and late payment charges will be applied.

SB noted a payment of £118,926.23 was received on 01 December 2021 in respect of General Service charges for the period of 16 to 31 October. The current exposure is as follows:

- CNG £745,621.27
- CNR £16,226.69

SM asked what the ongoing risk was for customers migrating to new Shippers and Suppliers. SB advised this was currently in hand and Xoserve were liaising with all relevant Shippers and Suppliers to ensure a smooth transition.

SB advised that there will be further charges for both CNG and CNG2 and these will be shared with the Committee as they are accrued.

SM asked if SB could provide the current debt position for CNG. SB noted she would revert to the Committee with this information.

SM asked if under recovery of the charges against CNG would impact Xoserve's budget. SB explained these will be recovered through the General Service Charges in 2022.

#### 5. Review of Outstanding Actions

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

**Update:** SB explained a draft Deposit Deed had been produced and this is currently with Xoserve's legal team for review who are seeking an external legal view.

YRH asked what the impact of the delay was in producing this, noting the date of this action was over a year old. SB explained that it would be useful to have this as soon as possible.

Kirsty Dudley (KD) asked whether this was necessary and how it could be escalated. SB advised the draft Deposit Deed was necessary as it was good security option for Users and suggested the Committee could formally request this for approval. KD agreed with the suggestion adding this action was timebound.

The Committee agreed with this view and requested the draft Deposit Deed to be circulated to them in January 2022 for approval at the Q1 DSC Credit meeting.

**New Action 1205:** Xoserve (SB) to circulate the draft Deposit Deed document to the Committee Members in January for approval at the Q1 DSC Credit meeting.

Kundai Matiringe (KM) noted she wanted to discuss this internally before she could approve.

**Closed.**

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

**Update:** SB advised the IGT Deed of Undertaking had now been circulated to the Committee Members. KD noted she had not received this as she had joined the Committee after this date and asked for the background to this action. KD noted that whilst this was likely because of a need for a joint Deed of Undertaking between IGTs and CDSP, there had been no changes to the IGT framework to enact this approach.

KM suggested that Modification 0788 most likely enacted this. KD highlighted that Modification 0788 was an UNC Modification and an IGT Modification would be required for this to be enacted.

SB advised she would investigate this and report back to the Committee at the next meeting.

KD suggested this could be discussed at the next DSC Contract Committee for further clarity.

**Carried Forward.**

**New Action 1206:** Joint Office (YRH) to liaise with DSC Contract Committee Chair to highlight this topic would be raised for discussion.

**Action 0901:** Xoserve (SB) to review the legal advice procured by Xoserve and clarify whether there was any conflict of interest.

**Update:** SB advised this explanation had been provided. **Closed**

**6. Key Messages**

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

**7. Any Other Business**

**7.1. Xoserve Legal Representation**

Covered under Action 0901.

**8. Diary Planning**

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

Time / Date	Venue	Workgroup Programme
Wednesday 23 February 2022 09:15	Teleconference	Standard agenda items, plus

Action Ref	Meeting Date	Minute Ref	Action	Owner	Due Date	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)		<b>Closed</b>
0503	25/05/21	7.3	Xoserve (BG) to liaise with the Xoserve customer lifecycle team regarding the IGT Deed of Understanding.	Xoserve (SB)	<b>15/12/21</b>	<b>Carried Forward</b>
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)		<b>Closed</b>
1201	13/12/2021	2.1	Xoserve (SB) to advise how the Failure to Pay Notices for failed Shippers will be neutralised across the industry.	Xoserve (SB)	<b>17/12/21</b>	<b>Pending</b>
1201	13/12/2021	3.0	Xoserve (SB) to write to the Committee for approval to accept the GB Energy's administrator's proposal for final offer of £2,136.20.	Xoserve (SB)	<b>January 2022</b>	<b>Pending</b>
1201	13/12/2021	3.0	Xoserve (SB) to send list of historic outstanding debts to the Committee to review and decide on whether to write off or pursue, and for approval at the 2022 Q1 DSC Credit meeting.	Xoserve (SB)	<b>January 2022</b>	<b>Pending</b>
1201	13/12/2021	3.0	Xoserve (SB) to clarify what is the payment requirement for Bulb whilst in special administration.	Xoserve (SB)	<b>January 2022</b>	<b>Pending</b>
1205	13/12/2021	5.0	Xoserve (SB) to circulate the draft Deposit Deed document to the Committee Members in January for approval at the Q1 DSC Credit meeting.	Xoserve (SB)	<b>January 2022</b>	<b>Pending</b>
1206	13/12/2021	5.0	Joint Office (YRH) to liaise with DSC Contract Committee Chair to highlight this topic would be raised for discussion.	Joint Office (YRH)	<b>January 2022</b>	<b>Pending</b>