

UNC DSC Credit Committee Minutes
Wednesday 24 August 2022
via Microsoft Teams

Attendees

Yvonne Reid-Healy (Chair)	(YRH)	Joint Office	Non-Voting
Karen Visgarda (Secretary)	(KV)	Joint Office	Non-Voting

Shipper User Representatives (Voting)

Dan Wilkinson	(DW)	EDF
Jane Morrison	(JM)	SSE
Kirsty Dudley + (Alternate for Oorlagh Chapman)	(KD)	E.ON
Steve Mulinganie	(SM)	SEFE Energy

Transporter Representatives (Voting)

Michelle Brown + (Alternate for Kundai Matiringe)	(MB)	BUUK
Howard Gormley	(HG)	Cadent
Samuel Lyons	(SM)	Wales & West Utilities
Richard Loukes	(RL)	National Grid NTS
Wendy Taylor	(WT)	SGN
Elisa Trout	(ET)	Northern Gas Networks

CDSP Credit Representatives (Non-Voting)

Sharon Bright	(SB)	Xoserve
Brendan Gill	(BG)	Xoserve

Copies of all papers are available at: <https://www.gasgovernance.co.uk/dsc-credit/240822>

DSC Credit meetings will be quorate where there are at least 3 voting members, or appointed alternates in attendance.

1. Introduction

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

1.1. Apologies for absence

Oorlagh Chapman, Centrica

Kundai Matiringe, BUUK

1.2. Note of Alternates

Howard Gormley for Lorette Turner, Cadent

Richard Loukes, for Darren Lond, National Grid NTS

Wendy Taylor for Stephen Cross, SGN

Kirsty Dudley for Oorlagh Chapman, Centrica

Michelle Brown for Kundai Matiringe, BUUK

1.3 Quoracy Status

YRH confirmed the meeting was quorate.

1.4 Approval of Minutes (23 May 2022)

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.

For full details please refer to the Scorecards published.

Cash collection for last Quarter

May 99.70% at Payment Due Date and 99.82% at Payment Due Date +3

June 99.20% at Payment Due Date and 99.65% at Payment Due Date +3

July 94.76% at Payment Due Date and 99.42% at Payment Due Date +3 Dip in performance due to one user paying their invoice one day late. Recovered by Payment Due Date +3

Financial Values of Invoices Collected

<u>Month</u>	<u>Invoices Due for Collection</u>	<u>Payment Due Date</u>	<u>Payment Due Date +3</u>
<u>May</u>	<u>£7,998,745.19</u>	<u>£7,975,115.17</u>	<u>£7,983,993.24</u>
<u>June</u>	<u>£8,398,687.51</u>	<u>£8,331,782.89</u>	<u>£8,369,345.13</u>
<u>July</u>	<u>£8,031,765.83</u>	<u>£7,610,899.02</u>	<u>£7,985,010.11</u>

Failure to Pay Notices Issued

May: 5 £14,807.00

June: 20 £59,186.22

July: 15 £409,747.70

Escalations:

- No escalations to report.

Invoicing:

- No invoicing issues reported during this quarter.
- Total of in Late Paid Interest charges invoiced in May, June and £4,992.43

Outlook:

- Continue early engagement with customers leading up to payment due date.
- Increase communications with administrators in pursuit of debt left from failed users.

2.2. Securities

New User Security:

SB provided a brief update on new User security, highlighting which Users have been identified as being at risk. SB also shared the update on the unsecured customers with low credit ratings, together with the view of the banding for the security base on the credit rating. SB stated that these movements were monitored on a daily basis.

Jane Morrison (JM) noted that this information was extremely useful as it showed 50% of the customers sat below the highest band. SB said this was correct and that the smaller bands were focused on more, although the monitoring exercise was across all the bands.

Other Securities:

SB provided an overview of other securities:

Type of Security	Number of Customers	Percentage	Financial Value
Prepayment customers	27	7%	Payment is made before service is provided
Secured with a Letter of Credit or Parent Company Guarantee	11	3%	£1,163,091
Immediate Payment Terms	1	1%	May invoice value £35,782.80.

YRH asked if the Price Cap would result in some customers going into difficulty and Jane Morrison (JM) agreed and said this could become an issue. Brendan Gill (BG) noted that there were monitors in place to keep track on the status and so rapid action could be taken if required.

3. CDSP Outstanding Debt Position

SB presented the debt position over £1,000 between 2018-2020 and noted the total DSC debt being pursued through administrators was £74,824.06.

The Committee also reviewed a list of debts under £1,000 from failed Users in 2021 to date and DSC debt being pursued through administrators was £572,323,94

Steve Mulinganie (SM) enquired if there was any update on the CNG situation and SB advised he did not have an update at the present time.

4. Termination Review Update

SB presented the termination update and drew special attention to Utility Professional Business Operations Ltd (UPB) with a debt of £37,572.08 and Locus Energy with a debt of £74, 824.06.

5. Deed of Undertakings

SB explained as it was not easy to obtain a Letter of Credit with approved banks or a Parent Company Guarantee, and this was why the Deposit Deed had been produced by Bristow’s Solicitor to cover credit and contractual requirements.

SB noted that the draft had been circulated in May 2022 with the definitive version circulated on 01 July 2022, following the confirmation by Xoserve Legal, who had ensured the deed was in alignment with DSC Contract, Terms and Conditions and the DSC Credit Rules and Policy.

SB said it was her aspiration to have a DSC Credit Committee vote to approve the Deposit Deed, to allow it to be implemented and included in the Credit Rules. The Committee asked for more time to enable them to refresh themselves with the document.

BG agreed to re-distribute the document and asked for an email confirmation by close of play on **Friday 26 August 2022** that the Deposit Deed could then be implemented.

New Action 0801: Xoserve (BG) to re-circulate the Deposit Deed document to the DSC Credit Committee members.

New Action 0802: All DSC Credit Committee members to respond directly to Brendan Gill: Brendan Gill Brendan.gill@xoserve.com by close of play on **Friday 26 August 2022**, confirming their approval of the Deposit Deed document.

6. Graydon – Creditsafe Nederland BV Merger

SB advised that Creditsafe had announced the acquisition of Graydon in March 2022. BG confirmed he had attended a meeting with Creditsafe in August 2022 and had been given a demonstration of the Creditsafe Portal, and that presently Xoserve were making sure the Portal provided all the functions and capabilities that were required. BG noted that the required changes to the DSC Credit Rules would be undertaken at the end of September 2022, to coincide with the changes required regarding the Deposit Deed.

New Action 0803: Xoserve (SB) to update the UNC and DSC Credit Rules at the end of September 2022 to include the Deposit Deed and Creditsafe updates.

7. Review of Outstanding Actions

Action 1205: Xoserve (SB) to circulate the draft Deposit Deed document and methodology to the Committee Members for approval.

Update: BG advised that the Deposit Deed document would be re-distributed, and DSC Credit Committee Members were to confirm their acceptance of it via email by close of play on Friday 26 August 2022. BG confirmed this action could be closed. **Closed.**

Action 0501: Joint Office (MBJ) to schedule a meeting at the end of June to approve the draft Deposit Deed and review the methodology behind it.

Update: YRH confirmed this action could be closed as the draft Deposit Deed document had been approved via email in May 2022. **Closed.**

8. Key Messages

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

9. Any Other Business

None.

10. Next Steps

YRH noted the next meeting would be held on Wednesday 23 November 2022.

11. Diary Planning

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

Time / Date	Venue	Workgroup Programme
10:00 Wednesday 23 November 2022	Microsoft Teams	Standard agenda items

Action Table as of (24 August 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Due Date	Status Update
1205	13/12/2021	5.0	Xoserve (SB) to circulate the draft Deposit Deed document and methodology to the Committee Members for approval.	Xoserve (SB)	June 2022	Closed
0501	25/05/2022	7.0	Joint Office (MBJ) to schedule a meeting at the end of June to approve the draft Deposit Deed and review the methodology behind it.	Joint Office (MBJ)	June 2022	Closed
0801	24/08/22	5.0	Xoserve (BG) to re-circulate the Deposit Deed document to the DSC Credit Committee members.	Xoserve (BG)	August 2022	Pending
0802	24/08/22	5.0	All DSC Credit Committee members to respond directly to Brendan Gill: Brendan Gill <u>Brendan.gill@xoserve.com</u> by close of play on Friday 26 August 2022, confirming their approval of the Deposit Deed document.	ALL DSC Credit Committee Members	August 2022	Pending
0803	24/08/22	6.0	Xoserve (SB) to update the UNC and DSC Credit Rules at the end of September 2022 to include the Deposit Deed and Creditsafe updates.	Xoserve (SB)	September 2022	Pending