

UNC DSC Credit Committee Minutes
Wednesday 25 May 2022
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)

Dan Wilkinson	(DW)	EDF
Jane Morrison	(JM)	SSE
Kirsty Dudley	(KD)	E.On
Oorlagh Chapman	(OC)	Centrica

Transporter Representatives (Voting)

Kundai Matiringe	(KM)	BUUK
Howard Gormley	(HG)	Cadent
Samuel Lyons	(SM)	Wales & West Utilities
Darren Lond	(DL)	National Grid NTS
Wendy Taylor	(WT)	SGN

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/250522>

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

Steve Mulinganie, Gazprom.

1.2. Note of Alternates

Howard Gormley for Lorette Turner, Cadent
Darren Lond for Richard Loukes, National Grid NTS
Wendy Taylor for Stephen Cross, SG

1.3 Quoracy Status

YRH confirmed the meeting was quorate.

1.4 Approval of Minutes (23 February 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:

99.76% collected by Payment Due Date

100% collected by Payment Due Date +3

<u>Month</u>	<u>Invoices Due for Collection</u>	<u>Payment Due Date</u>	<u>Payment Due Date +3</u>
February	<u>£9,212,083.67</u>	<u>£9,134,851.91</u>	<u>£9,194,157.72</u>
March	<u>£9,215,131.97</u>	<u>£9,113,679.33</u>	<u>£9,152,493.14</u>
April	<u>£9,186,755.12</u>	<u>£9,164,291.41</u>	<u>£9,186,558.62</u>

Failure to Pay Notices Issued

February: 14 £67,503.05

March: 9 £54,967.62

April: 10 £23,193.61

Escalations:

- No escalations to report.

Invoicing:

- No invoicing issues reported during this quarter.
- Total of in Late Paid Interest charges invoiced in February, March and April £4,846.67

Outlook:

- Continue early engagement with customers leading up to payment due date.
- Continue to monitor closely organisation's using Credit Agency alerts/reporting

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. Of the different Users, *Supplier A* was identified as being at risk as their cash call amount is extremely high although their security amount is set at £467k. SB noted that the way the business has been operating is of concern as their security amount needs to be increased again.

JM asked how this could be facilitated. SB explained this has been covered in the last Emergency EBCC (Energy Balancing Credit Committee) meeting and Xoserve are looking to revise EBCC rules to mandate increasing User's security as necessary.

Action 0201:

SB also provided an update to produce a breakdown of unsecured customers with low credit rating. SB shared a view of the bandings for security based on credit rating.

Jane Morrison (JM) noted that whilst customers with higher bandings had more cover, those with lower bandings had less. SB agreed saying that for the customers with lower ratings, having deposit deeds in place would ensure they were covered for the services they were using. JM agreed stating this breakdown was useful.

SB advised the Committee she would provide quarterly updates in the future.

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	8	1%	£230,591.00
Immediate Payment Terms	1	1%	May invoice value £35,782.80.

3. CDSP Outstanding Debt Position

SB presented the debt position over £1,000 between 2018-2022, noting the total DSC debt being pursued through administrators is £567,950.35.

The Committee also reviewed a list of debts under £1,000 from failed Users in 2021.

Kirsty Dudley (KD) asked how long debts can stay on the books. Brendan Gill (BG) explained that a debt can remain as pending until administrators write to Xoserve to say there is no capital left to pay their outstanding bills, at which point the matter is brought to the DSC Credit Committee to write it off. BG added that in the past it has taken up to 10 years to close down one debt, as the administration process is lengthy.

4. 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 he has been working to develop the draft Deposit Deed with Xoserve's legal team and Bristows and that it is still in development. BG added that the initial version of the draft deed has now been circulated to the Committee Members and welcomed any feedback.

BG noted that this should be finalised by the end of June and it can then be added to the DSC Credit Rules.

JM suggested reviewing the Deed to ensure it aligned with the rules before it was finalised. KD agreed with this view. JM suggested BG should also provide the methodology behind drafting the Deed, including a breakdown of the relevant rules and contracts etc. BG asked for Action 1205 to be reworded to reflect this.

Samuel Lyons (SL) asked if Xoserve would be registering a charge with Companies House for the Deposit Deed as it would add an extra layer of protection. BG stated he would have to check with the lawyers and Bristows and noted he would provide an update ideally by mid June.

Wendy Taylor (WT) asked what extra protection could be gained from registering a charge for the Deposit Deed with Companies House. SL explained that his understanding is that a charge registered at Companies House is visible and must be honoured if a company is liquidated by the administrators. JM asked if this charge would be visible to everyone who looked at Companies House. SL confirmed this and noted this stopped anyone challenging the obligation arising from it.

WT remarked that if a business was entering administration, the Deposit Deed should cover any outstanding debts owed by them. SL clarified that this could be challenged by an administrator if there are other claims on the business. However, being registered as a charge offers some additional protection. **Carried Forward**

0201: Xoserve (SB) to produce a list of unsecured customers with low credit rating and who are most at risk.

Update: This was covered under agenda item 2.2. **Closed.**

5. Key Messages

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

6. Any Other Business

None.

7. Next Steps

KD suggested adding a meeting date in June to review the draft Deposit Deed and methodology, so it could be finalised and so the decision could be documented. BG agreed with this.

New 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.

8. 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 24 August 2022	Microsoft Teams	Standard agenda items
10:00 Wednesday 23 November 2022	Microsoft Teams	Standard agenda items

Action Table (as at 25 May 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	Carried Forward
0201	23/02/2022	4.0	Xoserve (SB) to produce a list of unsecured customers with low credit rating and who are most at risk.	Xoserve (SB)	May 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	Pending