

UNC DSC Credit Committee Minutes
Tuesday 25 February 2021
via Microsoft Teams

Attendees

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

Shipper User Representatives (Voting)

Jane Morrison	(JM)	SSE
Joanna Bulley	(JB)	E.On
Oorlagh Chapman	(OC)	Centrica
Steve Mulinganie	(SM)	Gazprom

Transporter Representatives (Voting)

Elisa Trout	(ET)	Northern Gas Networks
Kundai Matiringe	(KM)	BUUK
Lorette Turner	(LT)	Cadent
Smitha Coughlan	(SCo)	Wales & West Utilities
Teresa Thompson	(TT)	National Grid NTS

CDSP Credit Representatives (Non-Voting)

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

Copies of all papers are available at: <http://www.gasgovernance.co.uk/dsc-credit/250521>

1. Introduction

Rebecca Hailes (RH) welcomed all representatives to the meeting.

1.1. Apologies for absence

None provided ahead of the meeting.

1.2. Note of Alternates

None.

1.3. Quoracy Status

RH confirmed the meeting was quorate.

1.4. Approval of Minutes (24 February 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
February 2021	£8,064,194.85	93.58%	99.68%
March 2021	£8,561,781.53	99.74%	99.75%
April 2021	£8,137,863.27	94.90%	99.98%

SB confirmed there had been good collection rates for February, March and April at Payment Due Date.

SB noted there were no concerns 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
February 2021	17	£553,014.13
March 2021	20	£21,427.58
April 2021	17	£433,164.72

2.2. CDSP security management update

SB provided an update on customer security, noting:

- There were no significant downgrades to report or action to be taken resulting from companies moving to a high risk category.
- 10% of customers now have security in place in the form of Letter of Credit or Parent Company Guarantee.
- 89% have a published credit rating with Experian or Graydons.
- 1% on immediate payment terms.

SB noted in terms of Debt:

- Debt over £1k is pursued through administrators.
- 14 failed users having a Proof of Debt report lodged with their administrators, including 4 shippers 10 suppliers.
- £310,968.47 of debt is being pursued through administrators.
- As of 30th April no offers of settlement have been received.

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

Brendan Gill (BG) informed the Committee that prior to the Shippers who failed over the last two years, the previous Shipper failure was over 10 years ago.

Yvonne Reid-Healy (YRH) asked how long a debt would stay on the books. BG explained anything under £1k is written off but anything over £1k is raised with administrators of the failed company and pursued. RH added that when a failed user has no further dividend left to pay out, the debt is smeared across the constituency.

A Committee member noted it would be useful to see a debt profile based on age. BG took an action to capture this.

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

SB presented the debts under £1k noting that these would not be pursued through an administrator as agreed by DSC Credit Committee in August 2020.

SB provided a brief update on Securities. The Committee questioned some of the figures provided. SB accepted there may have been a mistake in collating these figures and advised she would review them and inform the Committee of any amendments.

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

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.

Lorette Turner (LT) asked if a list of customers who had accepted the Direct Debit function was available. BG confirmed it was available but would not be published.

2.3. Breach of a DSC Credit Limit, late or non-payment of CDSP Charges

SB provided a brief update noting that there were no invoicing issues reported during the quarter and there was a total of £4,730.32 in Late Paid Interest charges invoiced across the period.

2.4. Further Actions following failure notices

SB provided the quarterly data for the Failure to Pay Notices Issued.

3. CDSP Outstanding Debt Position

It was agreed that this item had been covered off during the discussions on item 2. (above).

4. Proposed changes to the DSC Credit Rules / Policy

BG advised that Xoserve had made proposed amendments to the DSC Credit Rules and had now written to Committee Members, inviting them to attend a walkthrough of changes to the Credit Rules on Friday 18 June 2021, between 11:00 and 12:30.

BG added that the Draft Rules would be issued to the Committee on 04 June for them to review before the meeting.

Steve Mulinganie (SM) suggested the Committee should convene to formally approve the new Rules instead of noting their approval via email or waiting for the next formal meeting. RH agreed with this view and advised she would dial in towards the end of the review meeting (14 June 2021, between 2:00pm – 3:30pm) and formally convene the Committee to approve the new Rules. The Committee agreed with this approach.

5. Review of Outstanding Actions

Action 0802: Xoserve (BG) to include an 'avoidance of doubt' statement regarding the timing of when the debt is written off within the Credit Rules.

Update: BG advised this update would be included in the Credit Rules meeting scheduled for 18 June 2021. **Closed**

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

Update: SB noted this would be presented at the next meeting. **Carried Forward**

Action 0201: *Reference Green Network Energy Limited* – Xoserve (BG) to look to provide an indication of the relevant debt position.

Update: BG noted this information had been provided under AOB 7.2. **Closed**

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

Update: BG noted this information would be provided at 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. Information Shared with other Codes in an Event of Default

RH noted that a request had come into the Joint Office via CACOP to seek views on what information can and cannot be shared in relation to an Event of Default under UNC and whether it would be beneficial to do so. As background, a SEC Panel member had highlighted that a Party who is facing insolvency may be in Event of Default under other Codes as well as the SEC. BG confirmed that he had sent an overview of what the UNC states regarding user default (UNC Section V4.3). He noted that a default does not automatically result in Termination and that when an user is terminated, the termination notice (under UNC Section V4.3.8) could be shared providing Transporters approved this, but reasons for a default could not be shared. RH clarified that she was sharing this with the Committee for information only.

7.2. Green Network Energy's Debt Position

BG provided an update on Green Network Energy's Debt Position, advising that the company had been terminated in February 2021.

BG advised that a Parent Company Guarantee (PCG) of £129k had been in place, under which Green Network had to pay on demand. However, since the termination of the company, the parent company (Green Network S.p.A) had refused to pay the outstanding debt on demand and had been making payments in instalments, with the last payment received in May 2021.

BG added that the three PCG Payments received to date total £57,211.26 of which £54,076.80 had been used to settle the January General Service Invoice and £3,134.06 used to settle other smaller invoice values, leaving £102.03.

Green Network's administrators and parent company believe that from February 2021, EDF, who took over Green Network's customers, should pick up the charges for Shipper activities as well and Xoserve are to discuss this further with EDF.

BG noted that a large number of Green Energy customers were still waiting to be transferred to EDF. YRH asked if EDF should comply with any SLAs and was informed that customers should have been transferred within 25 days from the Deed of Undertaking coming into effect.

BG added National Grid had raised concerns with Ofgem in relation to this situation but it appeared that Ofgem had not taken any action so far. EDF have advised that the quality of data received from Green Energy had been very poor and they were cleaning this before moving customers across to avoid further issues in the future.

BG added that the legal view is that whilst the formal demand notice can be pursued, the PCG could be challenged by the parent company due to an issue with the paperwork not specifying the contract to which the PCG referred (this was an oversight). In the meantime, all letter of Credits are being reviewed alongside the other two PCGs in place and additional controls being introduced to ensure security is complete and accurate.

7.3. Deed of Undertaking

Steve Mulinganie (SM) highlighted to the Committee that the Xoserve customer lifecycle team had sent out a request for his company to sign a new IGT Deed of Undertaking, giving 5 days for return of the document. The request was related to when a Supplier becomes a Shipper. BG agreed to review it in more detail and update by email where needed or at the next meeting.

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

8. Diary Planning

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

Time / Date	Venue	Workgroup Programme
11:00 – 12:30 18 June 2021	Teleconference (arranged by Xoserve)	Review and Approve amended DSC Credit Rules
09:30 – 10:30 24 August 2021	Teleconference	Standard agenda items
09:30 – 10:30 23 November 2021	Teleconference	Standard agenda items

Action Table (as at 25 May 2021)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0802	17/08/20	3.0	Xoserve (BG) to include an 'avoidance of doubt' statement regarding the timing of when the debt is written off within the Credit Rules	Xoserve (BG)	Closed
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
0201	24/02/21	7.1	<i>Reference Green Network Energy Limited</i> – Xoserve (BG) to look to provide an indication of the relevant debt position.	Xoserve (BG)	Closed
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)	Carried Forward
0501	25/05/21	2.2	Xoserve (BG) to capture a debt profile based on age for debts over £1k.	Xoserve (BG)	Pending
0502	25/05/21	2.2	Xoserve (SB) to revise the Securities slide information.	Xoserve (SB)	Pending
0503	25/05/21	7.3	Xoserve (SB) to revise the Securities slide information.	Xoserve (SB)	Pending