

UNC DSC Credit Committee Minutes
Monday 17 August 2020
via Teleconference

Attendees

Lorraine O'Shaughnessy (Chair)	(LOS)	Joint Office	Non-Voting
Karen Visgarda (Secretary)	(KV)	Joint Office	Non-Voting
Brendan Gill	(BG)	CDSP	Non-Voting
Sharon Bright	(SB)	CDSP	Non-Voting

Shipper Representatives (Voting)

Jane Morrison	(JM)	SSE
Joanna Bulley	(JB)	E.ON
Steve Mulinganie	(SM)	Gazprom

Transporter Representatives (Voting)

Ian Clark	(IC)	Northern Gas Networks
Lorette Turner	(LT)	Cadent
Stephen Cross	(SC)	SGN
Sue Davies	(SDa)	WWU
Teresa Thompson	(TT)	National Grid NTS

Copies of all papers are available at: <http://www.gasgovernance.co.uk/dsc-credit/180520>

1. Introduction and Status Review

Lorraine O'Shaughnessy (LOS) welcomed all representatives and confirmed the meeting was quorate.

1.1. Apologies for absence

No apologies received.

1.2. Note of Alternates

No alternates were in attendance.

1.3. Approval of Minutes (18 May 2020)

LOS suggested a minor amendment in relation to one paragraph in the minutes, which she showed on screen, and explained she would alter the wording slightly to provide clarity and that these would then be republished. All agreed with this suggestion.

The minutes were then approved.

1.4. Approval of Late Papers

LOS explained that there had been one late paper submitted by Brendan Gill (BG) regarding the CDSP Debt position and that BG would be drawing attention to this later in the meeting. All agreed to accept this paper.

1.5. Review of outstanding actions

0201: Xoserve (BG) to provide an update to the Committee members on the Budget and Charging Methodology status and progress.

Update: BG explained that this area had been raised and discussed at the June DSC Contract Management Committee meeting. The Contract Management Committee agreed that unrecoverable debt should be added to the defined term of 'costs' to provide clarity. This request is being progressed by the CDSP. BG said this action could then be closed. **Closed.**

0501: CDSP (BG) to provide further information on the debt recovery options including a worked example based on constituency recovery.

Update: BG said this topic has been discussed at the June DSC Contract Management Committee and the general consensus was to leave the Credit Rules as is, for the present time, as the Committee were not keen to explore debt recovery via the constituencies. BG then confirmed this action could now be closed. **Closed.**

0502: All DSC Credit Representatives to provide Xoserve/CDSP feedback on the proposed changes to the Credit Rules.

Update: BG thanked those members who had provided feedback and he said he had added new comments into version 2.3 that would be circulated in the track changed format to members week ending Friday 21 August 2020. He said his aspiration was to have the new version completed by 01 September 2020 in readiness for publication on 01 November 2020.

Steve Mulinganie (SM) requested a ‘walk-through’ of this updated document to establish and understand the rationale of the acceptance and rejected proposed amendments and BG agreed that this would be undertaken by Xoserve and the members. BG said that this action should be carried forward, pending the final sign off at the meeting on 23 November 2020. **Carried forward.**

2. CDSP Operational Report

2.1. CDSP cash collection update

Sharon Bright (SB) thanked all the members for their feedback and input in relation to the updated format of the statistics and she said this information had proved useful and very helpful. SB welcomed any new feedback on how the information could be improved.

SB then 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
April 2020	£7,964,995.55	94.34 %	92.29 %
May 2020	£8,620,146.86	90.47 %	99.93 %
June 2020	£9,316,688.94	87.21 %	98.68 %
July 2020	£8,651,938.99	99.23 %	99.89 %

SB confirmed June had seen a peak in invoices issued due to the release of the annual IX invoice. She said that some parties were not aware of this annual invoice. SB said that Xoserve had now taken measures to ensure this process will be communicated with more clarity for the next year.

SB said 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
May 2020	13	£3,331.21
June 2020	40	£2,284.44
July 2020	11	£957.03

2.2. CDSP security management update

SB provided an update on customer security:

- 99% of customers are unsecured- supported by a Published Credit rating.

- 1% are secured – exposure underwritten by a third-party (e.g. a letter of credit or Parent Company Guarantee)

SB added that the D&B service would be ceasing from November 2020 and that out of the 63 users that were with D&B only 24, still now remain. SB said Xoserve were presently re-evaluating the customers that have a D&B rating with a Graydons or Experian credit rating. Jane Morrison (JM) asked if it was obvious to these customers that they were moving from the D&B service. SB confirmed that these customers were fully aware and that Xoserve had been very proactive in communicating with them on this matter.

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

SM enquired if there was a policy in relation to late payments specifically in a pandemic situation to extend the payment terms, as he felt it was not appropriate to charge for late payments. BG said that this late payment area had been discussed at the April extraordinary DSC Contract Management Committee meeting and he had been advised it was 'business as usual' despite the pandemic environment.

SM said that he had been under the impression that the regulator (Ofgem) had said that disadvantaged parties were not to be penalised for late payments. BG said that initially Xoserve had held back the late payment charges back and hence sought clarity from the DSC Contract Management Committee. He explained that discussions had taken place and the consensus was that all the parties concerned had robust BCM plans in place to deal with such situations, in line with Modification 0726 - (Urgent) - COVID-19 Liquidity Relief Scheme for Shippers.

SM said that he still disagreed with this approach and that it did seem to be supportive and that he felt this topic should be included on the agenda for on-going reviews. LOS welcomed views from workgroup and Sue Davies (SD) explained that when the initial discussions had taken place at the beginning of lockdown it was decided that the UNC Rules were to be followed regarding late payments, as there were no other avenues to explore regarding this situation. She added that she had not been aware of the Ofgem stance on this topic. SM again reiterated that these were not normal times and that as the pandemic was continuing, he was considering the option to raise a new Modification. Jane Morrison (JM) agreed with SM and said that it was a timing issue as no other guidance was available and that she also thought an alternative approach was required and that this should be reviewed at the next meeting in November. BG clarified that Xoserve in the instance where escalation is required, Xoserve would advise DSC of any instances and follow the process in the DSC Credit rules.

New Action 0801: Xoserve (SB) any on-going late payment issues need to be discussed in an extraordinary DSC Credit Committee meeting.

Joanna Bulley (JB) enquired what the status was regarding the Direct Debits with Barclays. SB said they had received 35 responses and that she has been liaising with Barclays in order for them to instigate the Direct Debit mandate process.

SB drew attention to the fact that Xoserve had received their CICM Re Accreditation, which due to COVID-19 and lockdown, had been undertaken via a virtual assessment process on 16/17 July 2020.

2.4. Further Actions following failure notices

SB provided the quarterly data for the Failure to Pay Notices Issued, noting that all issues encountered were centred around administration errors:

3. CDSP Outstanding Debt Position

LOS explained that BG had provided a late paper on the CDSP Outstanding Debt Position in order to provide a more up to date position on the volumes.

SB provided an overview of the Failed Customers spreadsheet, and she drew attention to specific suppliers and explained the total value outstanding with Administrators was £57,784,49, the Total Unclaimed was £2,654.80 and the overall Total was £60,439.29.

BG then provided an overview of the CDSP Outstanding Debt position process flow as below:

DSC Debt – Proposed Process (debt < £1000 excl VAT)



DSC Debt – Proposed Process (debt > £1000 excl VAT)



A brief general discussion took place in relation to if the debit amount should be raised from £1,000 to between £2,000 - £5,000. All agreed that the £1,000 amount was the correct amount as is currently. SM said that within the Credit Rules there should be an ‘avoidance of doubt’ statement included in relation to the timing of when the debt was written off and BG agreed that this would be added to aid clarity. A vote was carried and everyone agreed with the process above.

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

4. Any Proposed Changes to the DSC Credit Rules/Policy?

See item 2.3 and 3.0. BG confirmed that he would be issuing a revised version of the Credit Rules to incorporate the agreed process together with the minor changes. A walkthrough of the changes will be arranged with DSC Credit Committee to agree to the changes prior to publication in November 2020..

5. Operational Pack – Format/Style/Content

No comments made in relation to the Operational Pack.

6. Key Messages

LOS advised there were no additional key messages for discussion, adding that the late payment topic would be added to the agenda moving forward to enable a review discussion at the 23 November 2020 meeting.

7. Any Other Business

None.

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 2020	Teleconference	Standard agenda items

Action Table (as at 17 August 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0201	24/02/20	3.0	Xoserve/CDSP (BG) to provide an update to the DSCCC members on the Budget and Charging Methodology status and progress.	CDSP (BG)	Closed
0501	18/05/20	3.0	CDSP (BG) to provide further information on the debt recovery options including a worked example based on constituency recovery.	CDSP (BG)	Closed
0502	18/05/20	7.3	All DSC Credit Representatives to provide Xoserve/CDSP feedback on the proposed changes to the Credit Rules.	All	Carried Forward
0801	17/08/20	2.3	Xoserve (SB) any on-going late payment issues need to be discussed in an extraordinary DSC Credit Committee meeting.	Xoserve (SB)	Pending
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)	Pending