

UNC DSC Credit Committee Minutes
Wednesday 23 August 2023
via Microsoft Teams

Attendees

Yvonne Reid-Healy (Chair)	(YRH)	Joint Office	Non-Voting
Vera Li (Secretary)	(MiB)	Joint Office	Non-Voting
Sharon Texeira	(ST)	Cadent	

Shipper User Representatives (Voting)

Daniel Wilkinson	(DW)	EDF
James Knight	(JK)	Centrica
Kirsty Dudley	(KD)	E.ON (Alternate)
Sharon McCahey	(SMc)	SSE (Alternate)
Steve Mulinganie	(SM)	SEFE Energy

Transporter Representatives (Voting)

Elisa Trout	(ET)	Northern Gas Networks
Howard Gormley	(HG)	Cadent
Michelle Brown	(MB)	IGT
Richard Loukes	(RL)	National Gas Transmission
Stephen Cross	(SC)	Scotia Gas Networks
Samuel Lyons	(SL)	Wales & West Utilities

CDSP Credit Representatives (Non-Voting)

Brendan Gill	(BG)	Xoserve
Claire Jamieson	(CJ)	Xoserve

Copies of all papers are available at: <https://www.gasgovernance.co.uk/dsc-credit/240523>

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

Michelle Brown

1.2. Note of Alternates

Jenny Rawlinson / Charlotte Gilbert for Michelle Brown (IGT)

1.3 Quoracy Status

YRH confirmed the meeting was quorate.

1.4 Approval of Minutes (24 May 2023)

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

Claire Jamieson (CJ) presented the DSC Credit Committee Operational Statistics.

For full details please refer to the Scorecards published on the meeting page.

Cash collection

April 94.96% at Payment Due Date and 99.89% at Payment Due Date +3.

- No concerns regarding payments.

Month	Invoices Due for Collection	Payment Due Date	Payment Due Date +3
February	£7,835,219.02	£7,799,248.55	£7,832,300.52
March	£7,914,712.58	£7,905,958.64	£7,913,544.65
April	£7,742,482.36	£7,352,547.15	£7,734,016.30

- Monthly invoices amount circa £7.8m and all collected within PDD +3.

Failure to Pay Notices Issued

- Larger volume for April due to 1x late ‘general services’ invoice increasing the volume.

Invoicing:

- No invoicing issues reported during this quarter.
- Total of Late Paid interest charges invoiced in February, March and April was £1,430.33.

Escalations:

- No escalations to report.

Outlook:

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

Securities

CJ presented the Credit Ratings summary:

- 88% customers supported with credit rating.
- 7% of customers prepay for services.
- 5% have fixed security in place (LOC/PCG/DD).
- No concerns resulting from daily credit agency alerts.

Type of Security	Number of Customers	Percentage	Financial Value
Prepayment customers	26	7%	Payment is made before service is provided
Secured with a Letter of Credit, Parent Company Guarantee or Deposit Deed	18	5%	£5,782,591.00
Immediate Payment Terms	1	1%	April invoice value £34,863.60

Debt Write Off

BG advised that values over £1k (excluding VAT) are pursued by Xoserve with administrators.

Debt and Dividends

BG advised that CDSP customers debt and any dividends received from debt is captured by Xoserve Finance via the Profit and Loss Accounts.

BG further explained how Xoserve deal with significant dividends (e.g., CNG where debt being claimed is circa £375k). If the dividend is significant then the surplus will be rebated through the charging statement back to Customers.

BG noted that Xoserve are not expecting to receive any dividends for CNG for CDSP before 2024 and any dividends received will be processed through the normal route.

All significant debts or dividends will be flagged at Contract Management Committee Meeting, and any debt or dividend over £50K and will be flagged to the Contract Management Committee.

DSC Credit Rules Updated

CJ provided confirmation that the Credit Rules have been updated and circulated for approval w/c 15/05/23 with the deadline for responses being Friday 26/05/23:

- Modification 0815S - DSC Committee Quoracy has now been implemented (on 10 February 2023). The minimum Quoracy requirement for DSC Committees for Shippers changed from three to two in line with UNC Modification Rules for the Modification Panel and UNC Committee.
- Modification 0827S - Amending the Unsecured Credit Table in TPD V3 to reflect the removal of Graydon and insertion of Creditsafe. All reference to Graydon has now been updated to Creditsafe.
- Inclusion of the Deposit Deed template has been updated.
- Outstanding formatting issues will be addressed.

Discussions surrounding Acorn Peach concerns were undertaken under AOB item 5. below.

3. Review of Outstanding Actions

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

Update: When asked, Committee Members agreed to carry forward the action. **Carried Forward**

0201: Xoserve (CJ) to circulate Credit Rules Updates for Approval. Committee Members to review and respond/approve by 01 March 2023.

Update: When asked, Committee Members agreed to carry forward the action. **Carried Forward**

0501: Reference Parties with ‘Stranded Meter Points’ – Xoserve (BG/CJ) to look to include an additional slide within the DSC Credit Committee & EBCC Operational Report presentations to highlight potentially ‘stranded meter points’ where a live Shipper has not been assigned (inc.

assessment of potential positions, status update and date of failure etc.). Additionally provide an update to PAC on this matter.

Update:

4. Key Messages

When BG confirmed that there were no major User performance issues to report and that as a consequence, the focus of attention would be on debt recovery via the various Administrators, it was agreed that there were no 'Key Messages' for dissemination following this meeting.

5. Any Other Business

5.1. Industry Party Participation Concerns

In referring to the fact that this matter would also be raised as an AOB item during the following Energy Balancing Credit Committee (EBCC) meeting, S Mulinganie explained that at a recent Performance Assurance Committee (PAC) meeting, concerns were voiced by Members in relation to an Industry Party's Performance related issues and potential industry wide impacts.

Expanding, BG explained that the party in question had a portfolio which involved circa 800 supply points with the onus now being placed on another Industry Party to register these MPRN through a Live Shipper so that migration can take place quickly.

When BG suggested that this is more of an EBCC related matter, SM countered by suggesting that this is also potentially a 'Deed of Undertaking' related issue which resides under the DSC Credit Committee auspices as the supply points are potentially 'sitting there' acquiring services that are not being paid for, which is fundamentally wrong. When BG went on to advise that the services are being paid for, SM suggested that perhaps there would be benefit in monitoring the (stranded meter points) situation more closely, especially baring in mind that PAC have raised concerns and a related risk. He went on to acknowledge that the parties involved do appear to be attempting to do things correctly.

When asked, BG advised that Xoserve have previously raised concerns with Ofgem in relation to the financial aspects of the first party and their apparent lack of knowledge and process understanding. The fact that some of their personnel have been involved with companies that have previously gone into administration only adds to their (Xoserve's) concern.

When asked whether any financial securities had been supplied/lodged, BG advised that the 'other' industry party are currently going through the User Admission process in order to become a Shipper in their own right. Under the Deed of Undertaking arrangements security was lodged by this other industry party. BG confirmed that there was no CDSP debt for either party involved. (Action 0501)

6. Next Steps

Text.

7. Diary Planning

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

Time / Date	Venue	Workgroup Programme
09:15 Wednesday 22 November 2023	Microsoft Teams	Standard agenda items

Action Table as of (23 August 2023)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Due Date	Status Update
0803	24/08/22	6.0	Xoserve (SB) to update the DSC Credit Rules at the end of September 2022 to include the Deposit Deed and Creditsafe updates.	Xoserve (SB/CJ)	End June 2023	Carried Forward
0201	22/02/23	2.0	Xoserve (CJ) to circulate Credit Rules Updates for Approval. Committee Members to review and respond/approve by 01 March 2023.	Xoserve (CJ)	End June 2023	Carried Forward
0501	24/05/23	5.1	<i>Reference Parties with 'Stranded Meter Points'</i> – Xoserve (BG/CJ) to look to include an additional slide within the DSC Credit Committee & EBCC Operational Report presentations to highlight potentially 'stranded meter points' where a live Shipper has not been assigned (inc. assessment of potential positions, status update and date of failure etc.). Additionally provide an update to PAC on this matter.	Xoserve (BG/CJ)	End June 2023	Pending