

UNC DSC Credit Committee Minutes
Wednesday 22 February 2023
via Microsoft Teams

Attendees

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

Shipper User Representatives (Voting)

Daniel Wilkinson	(DW)	EDF
James Knight	(JK)	Centrica
Jane Morrison	(JM)	SSE
Steve Mulinganie	(SM)	SEFE Energy

Transporter Representatives (Voting)

Howard Gormley	(HG)	Cadent
Wendy Taylor	(SC)	SGN
Samuel Lyons	(SL)	Wales & West Utilities
Richard Loukes	(RL)	National Gas Transmission

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/220223>

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

Wendy Taylor for Stephen Cross (SGN)

1.3 Quoracy Status

YRH confirmed the meeting was quorate.

1.4 Approval of Minutes (23 November 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

Claire Jamieson (CJ) presented the DSC Credit Committee Operational Statistics. For full details please refer to the Scorecards published.

Cash collection

January 99.99% at Payment Due Date and 100% at Payment Due Date +3

- Dip in collection performance at PDD in November due to one user settling their invoice a day late. Dip in collection performance at PDD in December due to one user settling invoice PDD+3.
- No concerns regarding payments.

Month	Invoices Due for Collection	Payment Due Date	Payment Due Date +3
November	£7,902,382.53	£7,895,260.95	£7,896,679.77
December	£7,878,688.84	£7,868,159.55	£7,878,592.35
January	£7,813,403.29	£7,813,403.29	£7,813,398.49

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

Failure to Pay Notices Issued

No issues to report.

Invoicing:

- No invoicing issues reported during this quarter to date.
- Total of Late Paid interest charges invoiced in November, December and January £574.62

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:

- 90% customers supported with credit rating.
- 7% of customers prepay for services.
- 5% have fixed security in place (LOC/PCG/DD).
- 1% on immediate payment terms.

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%	£4,682,591.00
Immediate Payment Terms	1	1%	January invoice value £35,101.20

Debt Write Off

BG noted £56.87 has been received as Final Dividend from Better Energy. The remaining of £1,758.86 has been written off as there will be no further payment.

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. If the dividend is significant then the surplus will be rebated through the charging statement back to Customers.

BG noted that CNG are not expecting any sort of dividends before 2024 and any dividends received will be dealt with the same process.

All significant debts or dividends will be flagged at Contract Management Committee Meeting,

Jane Morrison (JM) asked what value would be associated as significant? BG confirmed 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 has been updated, and will be circulated post meeting for approval:

- 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.

BG noted that there is a need to add new Credit Rules regarding the application on Sanctions for the User(s) by UK Government, restricting them access to the system and services for period of time.

SM confirmed it is Modification 0813 - Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Triggers and has unanimously supported by panel.

Post Meeting Note: Joint Office confirmed that it is not Self Governance and is waiting on Ofgem Decision.

BG asked if Committee Members prefer the re-issuing of the above Credit Rules for approval in details or brief summary and the timeline for response.

Committee members agreed brief summary is sufficient and response to be submitted by 01 March 2023.

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

3. **CDSP Outstanding Debt Position**

The agenda item has been discussed in Agenda Item 2 and Committee agreed this to be included in the Overall CDSP Operational Report and remove from Agenda for future meetings.

4. **Terminations Review Update**

None.

5. **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: Xoserve (Claire Jamieson) to send the DSC Credit Rules Update to Committee members for final approval.

It has been agreed that this outstanding action will be shown as **Closed** upon receipt of Committee Members confirm their approval on 01 March. **Carried Forward**

1101: *Reference CNG Dividend Payment Allocation Policy - Xoserve (BG) to ascertain how funds would be returned and shared across the industry.*

Update: Covered in Item 2 Debt and Dividends.

The Committee Members in attendance agreed to close the action. **Closed**

6. Key Messages

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

7. Any Other Business

None raised.

8. Diary Planning

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

Time / Date	Venue	Workgroup Programme
09:15 Wednesday 24 May 2023	Microsoft Teams	Standard agenda items
09:15 Wednesday 23 August 2023	Microsoft Teams	Standard agenda items
09:15 Wednesday 22 November 2023	Microsoft Teams	Standard agenda items

Action Table as of (22 February 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 February 2023	Carried Forward
1101	23/11/22	3.	<i>Reference CNG Dividend Payment Allocation Policy - Xoserve (BG) to ascertain how funds would be returned and shared across the industry.</i>	Xoserve (BG)	February 2023	Closed
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 February 2023	Pending