

UNC DSC Credit Committee Minutes
Monday 25 June 2018
via teleconference

Attendees

Chris Shanley (Chair)	(CS)	Joint Office	Non-Voting
Karen Visgarda (Secretary)	(KV)	Joint Office	Non-Voting
Ian Clark	(IC)	Transporter	Voting Member
Paul Whitton	(PW)	Transporter	Voting Member
Sandra Dworkin	(SDw)	CDSP	Non-Voting
Sue Davies	(SDa)	Transporter	Voting Member

Apologies

Mark Cockayne	(MC)	CDSP	Non-Voting
Sallyann Blackett	(SB)	Shipper	Voting Member

Copies of all papers are available at: <https://www.gasgovernance.co.uk/dsc-credit/250618>

1. Introduction and Status Review

CS welcomed the members to the meeting.

1.1. Apologies for absence

See above.

1.2. Note of Alternates

None.

1.3. Approval of Minutes (21 May 2018)

The minutes from the previous meeting were accepted.

1.4. Review of outstanding actions

Action 0501: Xoserve to review and consider either using the maximum unsecured credit limit provided by a Published Rating Agency or setting a percentage tolerance level to allow more headroom for the calculation of Credit Limits.

Update: SDw explained that currently under the DSC Credit Rules 4.14, (as defined below) where a Customer's indebtedness;

- i. Exceeds 80% of the Customer's Credit Limit the CDSP shall give the Customer notice to that effect
- ii. Following notice under Paragraph (i), if the indebtedness exceeds 100% of the Customer's DSC Credit Limit, the CDSP will notify;
- i. The Customer to such effect and request the Customer to provide additional DSC Security in such amount as required to reduce the Customer's DSC Indebtedness to below 90% of the Customer's Credit Limit.

SDw said that the thought process of the CDSP was that by continuing to apply these rules, establishes notification to the customer prior to reaching their Credit Limit and warning them that if they reach 100% they will be required to provide further security. Therefore, she recommended that this process would continue, to send notice to customers when they reach 80% of their Credit Limit i.e. 80% of the maximum unsecured credit limit provided by a Published Rating Agency. As this is in the Credit Rules the DSC Credit Committee have the vires to amend this percentage if required. It was then agreed this action could be closed. **Closed.**

Action 0502: DSC Credit Committee Credit Rules to be reviewed. It was agreed that no major changes were required, as these were covered in the agenda for the previous meeting and so this action could be closed. **Closed.**

2. Approve changes to the DSC Credit Rules/DSC Security

SDw confirmed that there were no changes to consider this month. SD asked when the agency renewal was and when reviews were to take place. SDw said this process would take place in another 12 month's time and actions would be confirmed nearer the time.

3. CDSP Operational Report

3.1. CDSP cash collection update

The following performance was reported for cash collected:

Month	Payment Due Date	Payment Due Date +3
April 2018	73.47 %	97.69%
May 2018	96.07%	99.95%

SDw explained that the cash due to be collected in May was £5.3M. She said the main influence on the cash collection May on Payment Due Date, was River Coquet, due to paying their General Services invoice £198,308 one day late, due to back office issues.

For the Payment Due Date +3, SDw said there were 5 escalated during May, all of which were Third Party Contracts apart from River Bann who were a regular late payer, she reiterated that ('all debt older than 3 business days is escalated to the DSC Credit Committee').

SDw then provided an overview as below:

18 Notice of Failure to Pay Invoices in May issued in relation to £217,091.42.

- £198,308 was in relation to River Coquet as highlighted above.
- Of the remaining 17 Notices River Bann had received a further Notice but they are a regular late payer and this had been raised with the relevant customer advocate.
- 4 notices related to late payment charges.
- 8 related to Third Party contracts (as discussed in previous meetings Third Party Contracts only represent approx. 1% of the Xoserve income stream).
- Notices are not issued for late payments under £5 – however a further 4 customers with Third Party low value contracts also paid late.
- All other late payments were in relation to back office issues.
- All payments due in May have now been received in full.

SDw stated as previously reported the debt still outstanding was relation to two companies that were in administration GB Energy £5,246.44 & Future Energy (Supply) Ltd - £332.36.

All other items on the debt report relate to allocation resolution (National Grid Metering); and overpayments to be returned once banking details confirmed or to be allocated to next invoice.

3.2. CDSP security management update

SDw provided an update on customers security:

- 92% of customers are unsecured supported by a Published Credit Rating from Experian, Graydons or D&B.
- 6% of customers have a credit limit of £150 or below not supported by a Published Credit Rating.
- 2% are underwritten by a third party Parent Company Guarantee.

SDw explained that 2 Third Party Contract customers currently have had their ratings reduced to zero and that the CDSP were working with the customers to either provide alternative security, pre-pay or to receive immediate billing terms.

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

SDw confirmed that there had been no breaches of DSC Credit limit for May.

3.4. Further actions following failure notices

SDw confirmed that there had been no actions following failure notices for May.

4. Update on Transform Us

SDw said there was no new update but that the Transform Us programme was still due to go live in October.

Any Other Business

None raised.

5. Diary Planning

Further details of planned meetings are available at:

<https://www.gasgovernance.co.uk/events-calendar/month>

***Please note the December meeting will now be held on Tuesday 18 December 2018 at 14.00**

Time / Date	Venue	Workgroup Programme
14:00 Monday 23 July 2018	Teleconference	Standard agenda items

Action Table (as at 25 June 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0501	21/05/18	4.0	Xoserve to review and consider either using the maximum unsecured credit limit provided by a Published Rating Agency or setting a percentage tolerance level to allow more headroom for the calculation of Credit Limits.	CDSP (MC/SDw)	Closed
0502	21/05/18	4.0	DSC Credit Committee Credit Rules to be reviewed.	CDSP (MC/SDw)	Closed