

UNC DSC Credit Committee Minutes
Monday 22 October 2018
via teleconference

Attendees

Chris Shanley (Chair)	(CS)	Joint Office	Non-Voting
Kully Jones (Secretary)	(KJ)	Joint Office	Non-Voting
Adam Lane	(AL)	Shipper	Voting Member
Ian Clark	(IC)	Transporter	Voting Member
Mark Cockayne	(MC)	CDSP	Non-Voting
Pauline Babb	(PB)	Shipper	Non-Voting
Sallyann Blackett	(SB)	Shipper	Voting Member
Sandra Dworkin	(SDw)	CDSP	Non-Voting
Sue Davies	(SDa)	Transporter	Voting Member

Copies of all papers are available at: <http://www.gasgovernance.co.uk/dsc-credit/221018>

1. Introduction and Status Review

Chris Shanley (CS) welcomed everyone to the meeting.

1.1. Apologies for absence

None received.

1.2. Note of Alternates

None.

1.3. Approval of Minutes (24 September 2018)

The minutes from the 24 September 2018 meeting were agreed.

1.4. Review of outstanding actions

Action 0901: Xoserve to complete analysis with regards to the number of customers and values for Third Party Contracts and present back with recommendations at next meeting.

Update: Sandra Dworkin (SDw) reminded Committee members that Xoserve had highlighted over the last few months a number of Third Party Contract customers that do not have a Published Credit Rating and, therefore, under the existing rules they are required to put security in place for anything above £150 a month (previous agreement).

SDw stated that some customers are unable to provide a Parent Company Guarantee (PCG) and if they were to provide a Letter of Credit (LOC) it was costly for the small amount of security it would provide. SDw also reminded the Committee that some customers who had Date Enquiry Contracts had been taken out of the normal billing schedule to reduce exposure.

She confirmed that Members had previously considered increasing the £150 and also payment in advance and the administration around it versus the values to be collected. She provided data based on Third Party Contracts due for payment in September to highlight the number of customers and values to get an indication of the value at risk.

SDw highlighted that of the 85 customers billed in September for a value of £27,500.54:

- 50 customers were billed less than £150, totalling £2,742.90
- 17 customers were billed above £150 and less than £500, totalling £5,287.81

Based on the figures for September if the maximum monthly exposure allowed without a Published Rating was increased to £500, then the maximum risk would be across 67 customers with a total value of £8,031.71. The majority of the Third-Party Contract Customers would be Suppliers.

This would result in approximately 20% of customers above £500.

Mark Cockayne (MC) stated that Xoserve administration time would be reduced by including the additional 17 customers should the monthly exposure allowed be increased to £500 allowing more time to be focused on the high-risk customers.

The DSC Credit Committee agreed unanimously to raise the monthly exposure from £150 to £500 for customers without a Published Credit Rating,

Action 0901 was therefore closed. **Closed**

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

SDw reported that the Parent Company Guarantee (PCG) amendments are currently being reviewed by the Legal team a revised document will be available for the next meeting.

She also informed Committee members that the DSC Contract Committee agreed at their meeting on 17 October 2018 that the November invoice which was due to be issued on 24 December, will be issued on Thursday 20 December. The Payment Due Date will remain as 24 January 2019.

3. CDSP Operational Report

3.1. CDSP cash collection update for September

SDw reported that the cash due to be collected in September was £5,987,791.94. The following performance was reported for cash collected:

Month	Payment Due Date	Payment Due Date +3
September 2018	99.92%	99.92%

She reminded Committee members that all debt over 3 days is escalated to the DSC Credit Committee anonymously to discuss whether to defer taking further action.

There were 8 Notice of Failure to Pay Invoices in September issued in relation to £9,794.44.

- 1 notice was in relation to General Services – paid one day late – £8.9K
- The other 7 were for Third Party Contracts the highest being £443.84. Although Third Parties represented the majority of notices it made up less than £1K of late payments. Also, a further 1 Third Party customer paid late but a notice was not issued as value was below £5.
- All late payments were in relation to back office issues.

Current outstanding debt

Nothing in addition, to the 4 listed previously in the September minutes.

3.2. CDSP security management update

SDw provided an update on customer's security:

- 97% of customers are unsecured supported by a Published Credit Rating from Experian, Graydons or D&B.
- 1% of customers have a credit limit of £150 or below and are not supported by a Published Credit Rating.
- 2% are underwritten by a third-party Parent Company Guarantee.

3.3. Breach of a DSC Credit Limit

SDw provided an update on the 2 customers (both Suppliers), River Nore and River Caddo confirming that Credit Alerts had been received for both. She reiterated that the Credit Team have been working with the Contract Team and the customers and to reduce exposure Xoserve were now billing Data Enquiry at month end with 3 days payment terms.

SDw confirmed that one of the Suppliers has now had their credit rating increased and will therefore be billed back in line with the existing billing schedule.

She also reported a further 2 notifications of customers:

The first is One Wales Energy-Un Ynni Cymru Ltd (WAL) a non- portfolio shipper which is winding up.

The second was USIO Energy Supply Ltd a supplier which has also to ceased trading.

Both customers have a Data Enquiry Contract but are billed less than £5 per month therefore not representing any material exposure.

Late or non-payment of CDSP Charges

SDw advised that all customers that had paid late as detailed in 3.1 had now paid in full.

Further actions following failure notices

None

4. Update on Transform Us

SDw provided a brief update highlighting the following points:

- General Services Invoice issued successfully on 16/10/18
- Specific Services Invoices due to be issued today
- The Cash Collection process change discussed at the September meeting was taken to DSC Contract Committee and agreed. Xoserve will therefore be sending an email at month end stating all open items and their value and payment due dates, checking that customers have received the invoice and requesting a remittance. This fits well with Xoserve's current schedules. She also confirmed that Xoserve's new system provides the facility to pull all open items into an email
- Calendar Days on Invoice – they will always match 20 business days as in contract.

5. AOB

5.1. Membership

CS advised that the DSC Contract Committee have taken an action to promote further DSC Credit Committee membership within their organisations. Xoserve also agreed to contact Shippers through their account managers to promote DSC Credit Committee membership. In addition, CDSP also took an action to investigate whether the DSC Credit rules support the DSC Credit Committee continuing to deal with ad-hoc credit issues and the monthly meeting moving to form part of the DSC Contract Management Committee.

In response to a question from CS, Pauline Babb confirmed that she would be happy to join the DSC Credit Committee as a Shipper member and that she would send in a formal email to the Joint Office to confirm this.

6. Diary Planning

A brief discussion took place on whether a face to face meeting is required for the November meeting. Committee members questioned if the agenda was substantive enough to warrant a face to face meeting. It was agreed that Xoserve and Joint Office would review the agenda and confirm the meeting details as soon as possible.

New Action 1001: Xoserve (SDw) and Joint Office (CS) to review the need for a face to face meeting in November.

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

Time / Date	Venue	Workgroup Programme
14:30 Monday 19 November 2018	Face to Face/Teleconference - tbc	Standard agenda items
14:30 Tuesday 18 December 2018	Teleconference	Standard agenda items

Action Table (as at 22 October 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0901	24/09/18	3.4	Xoserve to complete analysis with regards to the number of customers and values for Third Party Contracts and present back with recommendations at next meeting.	Xoserve (SDw)	Closed
1001	22/10/18	6.0	Xoserve (SDw) and Joint Office (CS) to review the need for a face to face meeting in November.	Xoserve (SDW)/Joint Office (CS)	Pending