

**UNC DSC Credit Committee Minutes**  
**Monday 25 September 2017**  
**Via Teleconference**

**Attendees**

Rebecca Hailes (Chair)	(RHa) Joint Office	Non-Voting
Helen Cuin (Secretary)	(HCu) Joint Office	Non-Voting
Adam Lane	(AL) Shipper	Voting Member
Ian Clark	(IC) Transporter	Voting Member
James Hill	(JH) Shipper	Voting Member
John Burke	(JB) Transporter	Voting Member
Kully Jones	(KJ) Observer	Non-Voting
Laura Dawson	(LD) Shipper	Voting Member
Mark Cockayne	(MC) CDSP	Non-Voting
Paul Whitton	(PW) Transporter	Voting Member
Pauline Babb	(PB) Shipper	Voting Member
Phil Lucas	(PL) Transporter	Voting Member
Sandra Dworkin	(SD) CDSP	Non-Voting
Sue Davies	(SDa) Transporter	Voting Member
Thomas Butler	(TB) Transporter	Voting Member

Copies of all papers are available at: <https://www.gasgovernance.co.uk/dsc-credit/310717>

**1. Introduction and Status Review**

RHa welcomed the members to the meeting, which was quorate.

**1.1. Apologies for absence**

None received.

**1.2. Note of Alternates**

RHa advised that Laura Dawson had been nominated as a standing alternate by E.ON and the committee discussed how this could be managed under the Credit Committee Credit Rules Section 3.3.1a.

For the purposes of today's meeting TB endorsed LD as the standing alternative for Colette Baldwin and no objections were raised by the other committee members.

It was agreed to raise the item at the DSC Contract Management Committee to discuss and approve any changes in representations.

**1.3. Approval of Minutes (31 July 2017)**

The minutes were approved.

**1.4. Review of Outstanding Actions**

**DSC0301** £150 maximum unsecured credit limit to be implemented and monitored for 3 months

**Update:** MC confirmed this was an ongoing action left open for a period for monitoring. It was agreed that as this had been monitored for 6 months this action could now be closed. **Closed.**

**Action 0701:** MC to review, investigate and report back to the committee the credit rating for Baa

**Update:** MC confirmed that this had been raised by TB to challenge the use of the Baa credit ratings which is used in other regimes. MC confirmed he had responded offline and a presentation was made to the EBCC in April, to consider extending the use of available credit ratings, the analysis showed there was a good spread of financial institutions and there was no driver to accept Baa credit ratings at this time. He confirmed the majority of organisations have got suitable ratings and there was not a current need to refer to rating tables. MC confirmed that Xoserve are working with organisations looking at reviewing the rating tables and how they are used. An update will be presented in more detail at the October meeting. **Carried Forward**

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

SD confirmed that this was a standing item to keep a watching brief. No changes this month.

## 3. CDSP Operational Report

### 3.1. CDSP Cash Collection Update

SD provided an update on the cash collection

#### August

99.79% at payment due date.

99.81% at payment due date plus 3.

All payments now made in full.

9 Notice of Failure to Pay Invoices, mainly to do with User's administrative issues.

SD confirmed that Xoserve will provide 6 months' analysis of cash collection and will go through the details at the October meeting.

### 3.2. Security Management Update

SD reported that July and August's exposure remained constant, 9% of customers do not have a Published Rating but have a maximum exposure of £150, 10% are underwritten by 3rd party letter of credit or parent company guarantees.

SD highlighted an ongoing issue relating to security where a group, who have been agreeing a Parent Company Guarantee had subsequently not provided the signed guarantee. SD reminded members that they had been working with this group, from before the implementation of FGO, when they had confirmed that four entities in the group did not have an appropriate Published Rating to cover exposures in respect of their expected activity and therefore would be required to lodge adequate Security. The standard Parent Company Guarantee had been challenged and following consultation with Xoserve's legal team and agreement from the DSC Credit Committee, the format had been changed in the DSC Credit Rules.

Reassurance has been provided that the documents will be signed and returned by the customer. However, SD wished to clarify that currently the company have not provided security and the Credit Committee may wish to escalate this.

MC asked the committee if this should be escalated. SD suggested that an ultimate deadline is communicated to the company to resolve the issue before further escalation. She suggested a two-week deadline. MC confirmed the escalation will be to consider proceeding with the termination process and that this will be clearly communicated to the company. MC confirmed there is an ongoing dialogue with the company.

MC clarified that the Credit Rules are clear and there is no ambiguity.

The committee agreed with the approach to provide the customer with a deadline of 14 days to comply, with a unanimous agreement that this should then be escalated if necessary.

**Post meeting note:** SD has confirmed an emailed PDF copy of the required signed guarantee was received on 27 September 2017.

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

SD provided an update on 3 late payments which had been escalated to the DSC Credit Committee last week following non-payment of their Notices of Failure to Pay Invoice. A decision on escalation was deferred to this meeting following confirmation in writing that payment promise had been made. SD confirmed all payments have been received since, so no further action is required. SD confirmed that this was the 1<sup>st</sup> late payment of this company. Next month a breakdown will be provided to the committee to show any repeated late payments.

### 3.4. Further Actions following failure notices

None.

## 4. Any Other Business

None raised.

## 5. Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

Time/Date	Venue
11:00 Monday 30 October 2017	Lansdowne Gate, Solihull Standard Agenda
09:30 Monday 27 November 2017	Teleconference

**Action Table (as at 25 September 2017)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
<b>DSC 0301</b>	17/3/17	X2.0	£150 maximum unsecured credit limit to be implemented and monitor for 3 months	Xoserve (MC)	<b>Closed</b>
<b>CRE 0701</b>	31/07/17	1.4	MC to review, investigate and report back to the committee the credit rating for Baa (October).	Xoserve (MC)	<b>Carried Forward</b>