

UNC Modification	At what stage is this document in the process?
<h1 data-bbox="134 322 691 414">UNC 0XXX:</h1> <h2 data-bbox="134 450 1182 584">Establishing/Amending a Gas Vacant Site Process</h2>	<div data-bbox="1209 309 1468 629"> <div data-bbox="1209 309 1468 383">01 Modification</div> <div data-bbox="1209 394 1468 468">02 Workgroup Report</div> <div data-bbox="1209 479 1468 553">03 Draft Modification Report</div> <div data-bbox="1209 564 1468 638">04 Final Modification Report</div> </div>
<p><b>Purpose of Modification:</b></p> <p>This Modification seeks to provide Shippers with the ability to effectively manage their Settlement Performance Obligations and Transportation Costs for Vacant sites.</p>	
<p><b>Next Steps:</b></p> <p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none"> <li>considered a material change and not subject to Self-Governance</li> <li>assessed by a Workgroup</li> </ul> <p>This Modification will be presented by the Proposer to the Panel on 15 September 2022. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p>	
<p><b>Impacted Parties:</b></p> <p>High: Shippers and Suppliers</p> <p>Low: Distribution Network Operators, Independent Gas Transporters and Consumers</p> <p>None: NTS</p>	
<p><b>Impacted Codes:</b></p> <p>Uniform Network Code (UNC) and Independent Gas Transporters UNC</p>	



## 1 Summary

### What

This Modification proposes to give Shippers the ability to effectively manage Settlement Performance Obligations and reduce Transportation Costs when the proposed Vacant criteria is met, and a Shipper has chosen to set a site to Vacant.

### Why

- Within the current economic climate there are many domestic and commercial properties that have become Vacant, with the Shipper unable to access the property or contact the customer to obtain meter readings. In certain circumstances, a warrant can be obtained through the courts. However, this can be a costly procedure and requires a considerable amount of time and effort. Despite these facts, Gas Shippers are unable to effectively reduce their Settlement Performance Obligations and Transportation Cost exposure to these sites, as:
  - An AQ for a site can only be amended by obtaining meter readings
  - A Shipper/Supplier cannot access the site(s) to obtain meter readings
  - A Shipper is unable to contact the customer to obtain meter readings

### How

The Modification proposes that once a site has met proposed Vacant criteria, the Shipper is given the ability to contact the Central Data Service Provider (CDSP) to remove Settlement Performance Obligations and stop Transportation Costs while the site is in a Vacant status.

Shippers would continue to apply the Isolation and Withdrawal process where it is deemed appropriate and possible, noting that the majority of isolations can only be applied with access to the property. The process proposed under this Modification regarding Vacant sites is independent to the current Isolation and Withdrawal processes. There are no proposed changes to the Isolation or Withdrawal processes as a result of this Modification.

This Modification also seeks to introduce additional reporting to Performance Assurance Committee (PAC) (and a corresponding anonymised report) in the Performance Assurance Report Register (PARR) regarding the Vacant Sites process. This is likely to include the count of Supply Meter Points where the CDSP have been notified of Vacant criteria for a site being met and the total count of sites that have a Vacant Status and the duration they have had this status.

## 2 Governance

Authority Direction is proposed for this Modification, as the last time this subject was discussed in 2011 (Modification 0282 & 0282A) it was considered a material change and not subject to Self-Governance. The view of Workgroup 0783R was that this was still the case for this Modification due to the potential impacts in Gas Allocation, Reconciliation and UIG.

### Requested Next Steps

This Modification should:

- be assessed by a Workgroup.
- be considered a material change and not subject to Self-Governance.

### 3 Why Change?

Currently there is no process that allows Shippers to remove Settlement Performance Obligations or reduce Transportation Costs for Vacant sites without submitting meter readings. However, when a site is Vacant it is difficult for Shippers and meter reading agents to obtain meter readings. In certain circumstances, a warrant can be obtained through the courts. However, this is a costly procedure and requires a considerable amount of time and effort. This leaves Shippers paying inflated Transportation Costs until meter readings are obtained and submitted and accepted into Settlement, noting that some costs become unrecoverable when the last actual reading predates the Line in the Sand date.

By providing Shippers with the ability to reduce Transportation Costs to reflect real time usage it will ensure that Shippers are not paying upfront costs, noting that this would be particularly useful to the smaller market participants that might not have access to large amounts of cashflow for upfront costs, promoting market competition.

Shippers would continue to apply the Isolation and Withdrawal process where it is deemed appropriate and possible, noting that the majority of isolations can only be applied with access to the property. The process proposed under this Modification regarding Vacant sites is independent to the current Isolation and Withdrawal processes. There are no proposed changes to the Isolation or Withdrawal processes as a result of this Modification.

### 4 Code Specific Matters

#### Reference Documents

TBC

#### Knowledge/Skills

Knowledge of Read Submission Process, AQ and SOQ, Gas Allocation, Reconciliation and UIG.

### 5 Solution

#### Proposed Entry Criteria

It is proposed that a new process be established to allow Shippers to remove sites from Settlement Performance Obligations and reduce their cost exposure to Vacant sites, through a process similar to which exists in the Electricity market. It is intended at this time that the Vacant process, if implemented, will only be available to Shippers where it is:

- Live (and)
- In the Shippers Ownership (and)
- Product Class 4 (and)
- Annually (or) Monthly Read (MRF) (and)
- Small Supply Point (SSP) (or) Large Supply Point (LSP) (and)
- Independent Gas Transporter (IGT) (or) Gas Transporter (GT) (and)
- Standard Meter (DUMB) or Non-active AMR Meter or SMETS Meter with a Non-Active DCC Flag

The Shipper would be responsible for ensuring the below proposed criteria is met before a site could be made Vacant:

1. Site is Live (and)
2. Site is in the Shippers Ownership (and)
3. Site is Product Class 4 (and)
  - a. Annually (or) Monthly Read (MRF) (and)
  - b. Small Supply Point (SSP) (or) Large Supply Point (LSP) (and)
  - c. Independent Gas Transporter (IGT) (or) Gas Transporter (GT) (and)
  - d. Standard Meter (DUMB) or Non-active AMR Meter or SMETS Meter with a Non-Active DCC Flag (and)
4. Site is Unoccupied (and)
  - a. Property is not currently being used as a dwelling
  - b. Property is not currently being used as a place of business
5. No Access to Site
  - a. Meter reader is unable to gain access to the property to read the meter\*
  - b. Shipper is unable to contact the Customer for meter readings\*\*
  - c. Customer has not provided meter readings

\*Shippers must be able to demonstrate the meter reader has attempted to visit and access the property to obtain meter reading(s). There must be two visits, at least 3 months apart but no more than 9 months apart, with the latest visit being within 3 months of requested entry to the Gas Vacant process.

Noting that there must be no other information received or obtained that suggests anything other than a Vacant Status, otherwise the qualifying visits are void.

(and)

\*\* Shipper must proactively make reasonable attempts to identify the owner of the property to obtain meter readings. The following could be seen as proactive attempts to identify the owner of the property to obtain meter readings:

- Checks to see whether the same problems in obtaining meter readings occur for Electricity (noting that this is only possible where the Supplier supplies both Gas and Electricity to the property); or
- Attempts have been made to contact such bodies as estate agents, letting agents, councils, the land registry etc to find out who the owner is. Where the owner has been identified, attempts have been made, and recorded, to contact the owner and obtain meter readings without success

The Shipper would need to maintain records of the checks outlined above that have been carried out in their monitoring of Vacant sites.

## Gas Vacant Status

Where a Shipper has ensured that the above criteria has been met and wishes to utilise the Gas Vacant process the Shipper will notify the CDSP to enter the site into Vacant.

### **Settlement and Commodity Relief**

At the point the site is entered into a Vacant status by the CDSP, Settlement Performance Obligations, Commodity Costs, Daily Allocation and UIG will cease prospectively. For the avoidance of doubt, this cease to Settlement Performance Obligations, Commodity Costs, Daily Gas Allocation and UIG Allocation will be prospective only from the point the Vacant Status is applied/entered. Any retrospective ceases are out of scope of this Modification and process.

### **Capacity Relief**

Where a site has been in a Vacant status for 12 months or more with the same Registered User, the Shipper will have the option to set the AQ to 1 through the AQ correction process (new correction code / eligible cause created).

### **Maintain Vacant Status**

For a site to remain Vacant, Shippers must be able to demonstrate the meter reader or other recognised representative has attempted to visit the property to obtain meter readings every 6 months, from the date the Vacant Status was set.

Shipper must continue to proactively make reasonable attempts to identify the owner of the property to obtain meter readings. The following could be seen as proactive attempts to identify the owner of the property to obtain meter readings:

- Checks to see whether the same problems in obtaining meter readings occur for Electricity (noting that this is only possible where the Supplier supplies both Gas and Electricity to the property); or
- Attempts have been made to contact such bodies as estate agents, letting agents, councils, the land registry etc to find out who the owner is. Where the owner has been identified, attempts have been made, and recorded, to contact the owner and obtain meter readings without success

The Shipper would need to maintain records of the checks outlined above that have been carried out in their monitoring of Vacant sites.

### **Exit Criteria**

A site will be removed from a Vacant Status when:

1. Site is no longer in the Shippers Ownership (CoS)
2. Supplier of Last Resort (SoLR) event has taken place
3. AQ Correction has been completed
4. Read is submitted into UK Link
5. ONJOB is submitted into UK Link

\*For the avoidance of doubt, in relation to points 5 and 6, the trigger is the Read or ONJOB being submitted to the CDSP, regardless of it being accepted and processed centrally.

## Vacant Status Removal

### Settlement and Commodity Relief

The CDSP will remove the Vacant status with Settlement Performance Obligations, Commodity Costs, Daily Allocation and UIG recommencing **when the Exit Criteria is met.**

### Capacity Relief

The CDSP will remove the Vacant status and reinstate the pre-Vacant sites Rolling and Fixed Year AQ; **unless the Exit Criteria was triggered by an AQ correction.**

For the avoidance of doubt at the same time the pre-Vacant sites Rolling and Fixed Year AQ are reinstated, Settlement Performance Obligations, Commodity Costs, Daily Allocation and UIG will recommence.

**Further for the avoidance of doubt the Vacant Status is removed at the same time the AQ is amended or returned to pre-vacant.**

**~~The Shipper will be unable to make amendments to the AQ while the CDSP is returning the site to a Pre-Vacant Rolling and Fixed Year AQ.~~**

## Monitoring

This Modification also seeks to introduce additional reporting to Performance Assurance Committee (PAC) (and a corresponding anonymised report) in the Performance Assurance Report Register (PARR) regarding the Vacant sites process. This is likely to include the count of Supply Meter Points where the CDSP have been notified of Vacant criteria being met and the total count of sites that have a Vacant Status and the duration they have had this status.

## 6 Impacts & Other Considerations

### Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

There are no impacts identified on a current SCR.

### Consumer Impacts

More accurate billing.

### What is the current consumer experience and what would the new consumer experience be?

Consumers currently being billed on inflated AQ volumes would receive more accurate billing.

<b>Impact of the change on Consumer Benefit Areas:</b>	
Area	Identified impact
<p><b>Improved safety and reliability</b></p> <p>The proposed process will likely see increased visits to Vacant sites to monitor and establish if sites are still in a Vacant state with no access.</p>	Positive
<p><b>Lower bills than would otherwise be the case</b></p> <p>Customers will potentially receive lower bills based on more accurate site consumption.</p>	Positive
<p><b>Reduced environmental damage</b></p>	None
<p><b>Improved quality of service</b></p>	None
<p><b>Benefits for society as a whole</b></p>	None

### Cross-Code Impacts

Possible IGT UNC Modification required.

### EU Code Impacts

None.

### Central Systems Impacts

The Modification will impact the Central Data Services Provider and will be passed to Xoserve for a cost of implementation.

## 7 Relevant Objectives

<b>Impact of the Modification on the Transporters' Relevant Objectives:</b>	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
<p>b) Coordinated, efficient and economic operation of</p> <p>(i) the combined pipe-line system, and/ or</p> <p>(ii) the pipe-line system of one or more other relevant gas transporters.</p>	None
c) Efficient discharge of the licensee's obligations.	None



<p>d) Securing of effective competition:</p> <p>(i) between relevant Shippers;</p> <p>(ii) between relevant Suppliers; and/or</p> <p>(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant Shippers.</p>	<p>Positive</p>
<p>e) Provision of reasonable economic incentives for relevant Suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.</p>	<p>None</p>
<p>f) Promotion of efficiency in the implementation and administration of the Code.</p>	<p>None</p>
<p>g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.</p>	<p>None</p>
<p>By providing Shippers with the ability to reduce Transportation Costs to reflect real time usage it will ensure that Shippers are not paying upfront costs, noting that this would be particularly useful to the smaller market participants that might not have access to large amounts of cashflow for upfront costs, therefore promoting Relevant Objective d) Securing of effective competition:</p> <p>(i) between relevant Shippers;</p> <p>(ii) between relevant Suppliers.</p>	

## 8 Implementation

No implementation timescales are proposed. However, following finalisation of the Modification solution it will be passed to Xoserve for evaluation of the central systems impacts and implementation timescales.

## 9 Legal Text

### Text Commentary

TBC

### Text

TBC

## 10 Recommendations

### Proposer’s Recommendation to Panel

Panel is asked to:

- Agree that Authority Direction should apply.
- Refer this proposal to a Workgroup for assessment.