UNC Modification	At what stage is this document in the process?

UNC 0819:

Establishing/Amending a Gas Vacant Site Process

01 Modification
02 Workgroup Report
03 Draft Modification Report
04 Final Modification Report

Purpose of Modification:

This Modification seeks to provide Shippers with the ability to effectively manage their Settlement Performance Obligations and Transportation Costs for Vacant sites.

Next Steps:

The Proposer recommends that this Modification should be:

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

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.

Impacted Parties:

High: Shippers and Suppliers

Low: Distribution Network Operators, Independent Gas Transporters and Consumers

None: NTS

Impacted Codes:

Uniform Network Code (UNC) and Independent Gas Transporters UNC

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Timetable

Modification timetable:

Pre-Modification Discussed at final 0783R workgroup	12 July 2022
Date Modification Raised	01 September 2022
New Modification to be considered by Panel	15 September 2022
First Workgroup Meeting	22 September 2022
Workgroup Report to be presented to Panel	18 May 2023
Draft Modification Report issued for consultation	18 May 2023
Consultation Close-out for representations	09 June 2023
Final Modification Report available for Panel	13 June 2023
Modification Panel decision	20 July 2023

Any questions?

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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

Business Rule 1

It is proposed that a new Vacant site process for Product Class 4 Non-Daily Metered (NDM) sites, is established to allow Shippers to remove sites from Meter Read Obligations in TPD M5.9, Must Reads in TPD M5.10, and reduce their cost exposure to Vacant sites, through a process similar to which exists in the Electricity market.

The Shipper would be responsible for ensuring proposed criteria is met before a site could be made Vacant through notification to the CDSP. Details of the proposed criteria will be maintained within a UNC Related Document - Vacant Site Guidance Document.

Business Rule 2

Where a Shipper has ensured that the proposed Vacant site criteria has been met and wishes to utilise the Gas Vacant process, the Shipper will notify the CDSP to enter the site into “Vacant status”. Where the CDSP holds information to suggest that proposed Vacant site criteria has not been met in accordance with the Vacant Site Guidance Document, the CDSP will reject the submission for a Vacant status.

Business Rule 3: Settlement and Commodity Relief

At the point the site is entered into a Vacant status by the CDSP (as notified by the Registered User), Meter Read Obligations in TPD M5.9, Must Reads in TPD M5.10, Commodity Costs, Daily Allocation and UIG will cease prospectively.

For the avoidance of doubt, this cease to Meter Read Obligations in TPD M5.9, Must Reads in TPD M5.10, Commodity Costs, Daily Gas Allocation and UIG Allocation will be prospective only from the point the Vacant Status is applied. Any retrospective ceases are out of scope of this Modification and process.

Business Rule 4: Capacity Relief

Where a site has been in a Vacant status for 12 months or more with the same Supplier and Shipper the Shipper will have the option to request a change to the Annual Quantity (AQ) of the site to set the AQ to 1 via a new Vacant site "eligible cause" as per TPD G 2.3.21 to receive Capacity relief.

Business Rule 5: Exit Criteria

A site will trigger the removal from Vacant status when any of the following occur:

1. Change of Shipper and / or Supplier event (CoS) request is accepted, including as a result of:
    a. Supplier of Last Resort (SoLR) event has taken place
2. AQ amendment has been submitted except if in accordance with Business Rule 4 (for the avoidance of doubt, this exit criteria could be triggered by submission of an "eligible cause" as per TPD G 2.3.21 and where a change in AQ is submitted due to read tolerance as per TPD G 2.3.22).
3. Class Change is submitted
4. Request for Isolation is made
5. Read is submitted into UK Link
6. ONJOB is submitted into UK Link

For the avoidance of doubt, in relation to the points 2 to 6 above the trigger is being submitted to the CDSP, regardless of it being accepted and processed centrally.

Business Rule 6: Vacant status removal - Settlement and Commodity Relief

a.) Where the site AQ **has not** been reduced to 1, the CDSP will remove the Vacant status with Meter Read Obligations in TPD M5.9, Must Reads in TPD M5.10, Commodity Costs, Daily Allocation and UIG recommencing, when any of the above Exit Criteria are triggered.

b.) Where the site AQ **has** been reduced to 1, the Vacant status will be removed in line with the updated AQ becoming effective as per the business rules below.

Business Rule 7: **Vacant status removal - Capacity Relief**

a) Where the Registered User triggers the exit from the process via an AQ amendment (AQ correction), the Vacant status will be removed by the CDSP in line with the updated AQ (as per the correction request), becoming effective. For the avoidance of doubt this will be effective in line with the existing AQ amendment timelines. For the avoidance of doubt, this exit criteria could be triggered by submission of an "eligible cause" as per TPD G 2.3.21 and where a change in AQ is submitted due to read tolerance as per TPD G 2.3.22.

For the other exit triggers (CoS, SoLR, Class Change, Read or .JOB submitted), the Registered User will have until M-15 Supply Point System Business Days (SPSBDs) the following month of the trigger, to amend the AQ (via the AQ amendment process) to the accurate usage. The Vacant status will be removed by the CDSP in line with the updated AQ (as per the correction request) becoming effective. For the avoidance of doubt, this will be effective in line with the existing AQ amendment timelines.

b) In the absence of the Registered User amending the AQ as per the above timeline, the CDSP will reinstate the pre-Vacant Rolling and Formula Year AQ (FYAQ). The Vacant status will be removed by the CDSP in line with the pre-Vacant Rolling and FYAQ becoming effective. For the avoidance of doubt, where the CDSP reinstate the pre-Vacant Rolling and FYAQ between the months January – March, the reinstated value will be utilised to set the FYAQ for the next 12 months commencing in April. Further for the avoidance of doubt, the reinstated pre-vacant AQ will be subject to existing AQ correction backstop rules. This means following the point the CDSP reinstate the pre-Vacant AQ, the AQ should remain at this estimate and the next AQ Calculation Month shall be the first month in relation to which a Qualification Meter Reading, with a Read Date not less than 9 months from the reinstated pre-Vacant AQ is submitted.

Supplemental:

This Modification also seeks to introduce additional reporting 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.

Impact of the change on Consumer Benefit Areas:

Area	Identified impact
Improved safety and reliability 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.	Positive

Lower bills than would otherwise be the case Customers will potentially receive lower bills based on more accurate site consumption.	Positive
Reduced environmental damage	None
Improved quality of service	None
Benefits for society as a whole	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

Impact of the Modification on the Transporters' Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant Shippers; (ii) between relevant Suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant Shippers.	Positive

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.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
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.	None
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: (i) between relevant Shippers; (ii) between relevant Suppliers.	

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.

11 Appendices

Appendix 1: Amending a Gas Vacant Site Process Guidance

Appendix 2: Entry & Exit Criteria Slides

Appendix 3 – AQ scenarios

Amending a Gas Vacant Site Process Guidance Document

Draft Version 1.0
November 2022

Introduction

This document sets out the circumstances whereby a Shipper may include a Supply Point in the Gas vacant process. Only Class 4 Non-Daily Metered (NDM) sites are eligible for a Supply Point vacant status to be applied.

These are the circumstances in which a Shipper may designate a Supply Point as 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

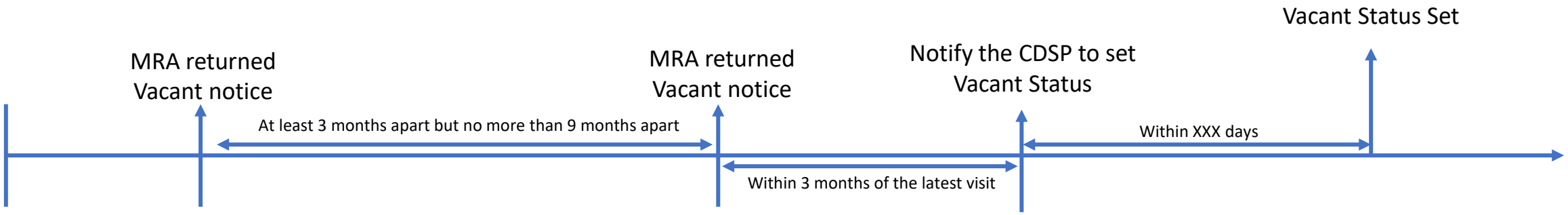
- Attempts have been made to contact such bodies as estate agents, letting agents, councils, the land registry etc to find out who the owner is. Where the owner has been identified, attempts have been made, and recorded, to contact the owner and obtain meter readings without success

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

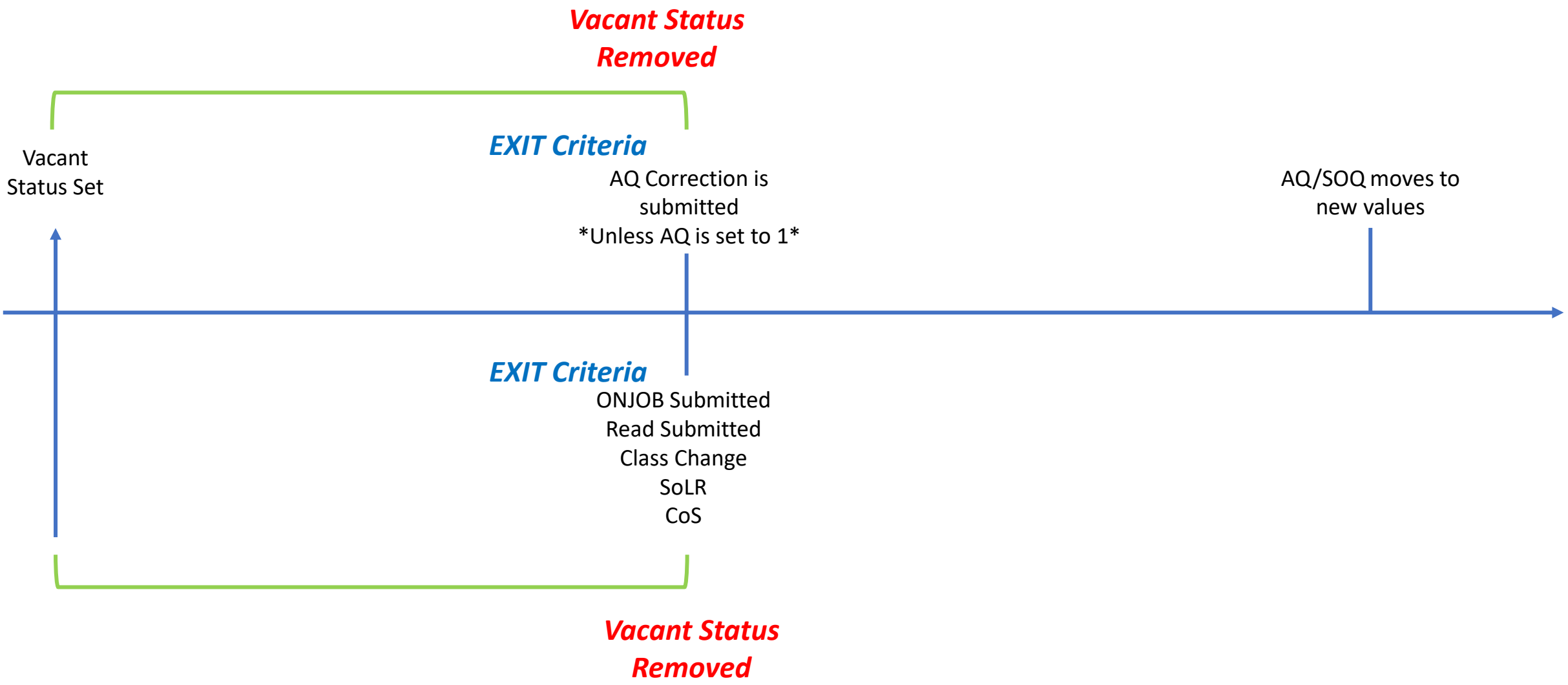
Maintain Vacant Status

For a site to remain Vacant, the Registered User 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. The Shipper must also continue to proactively make reasonable attempts to identify the owner of the property to obtain meter readings.

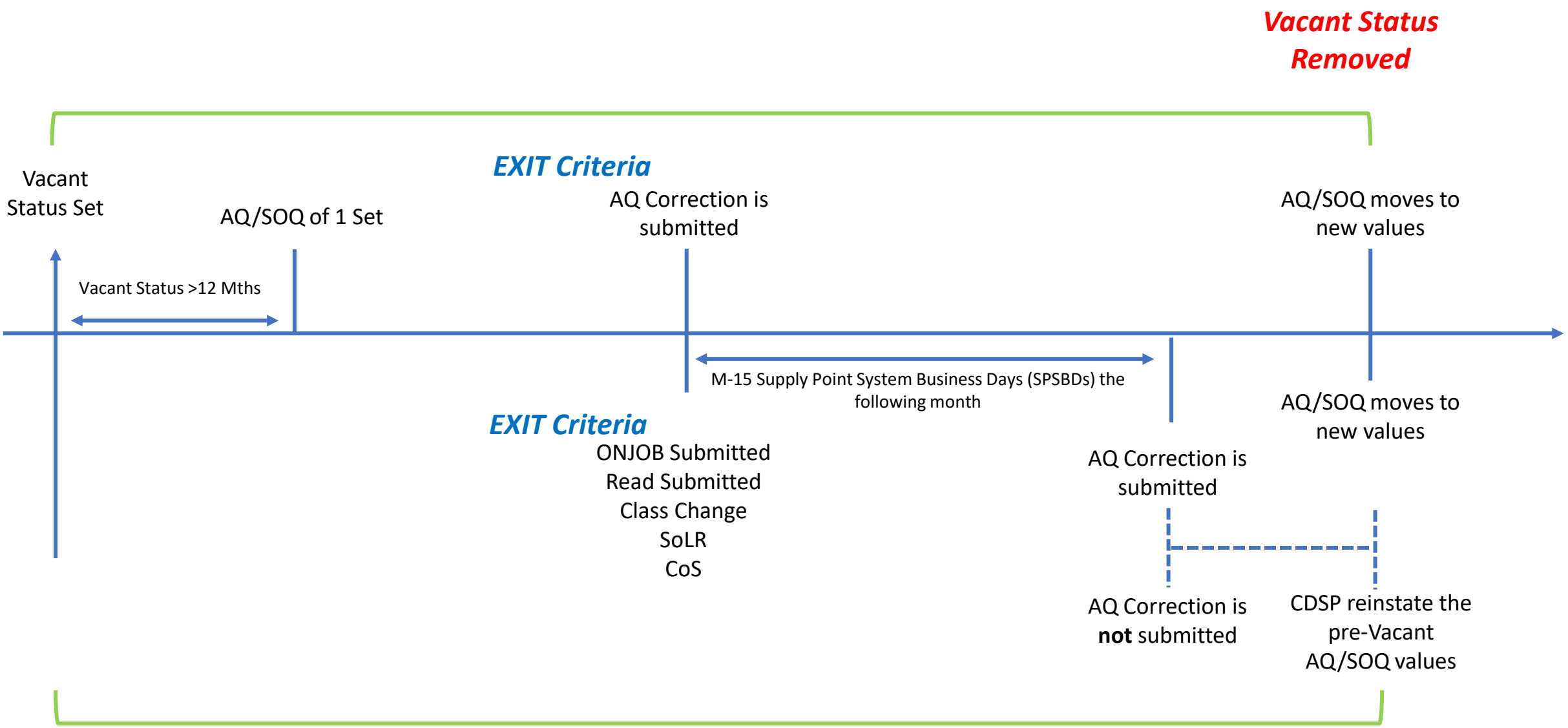
Entry Criteria



Settlement and Commodity Exit Criteria



Capacity Exit Criteria



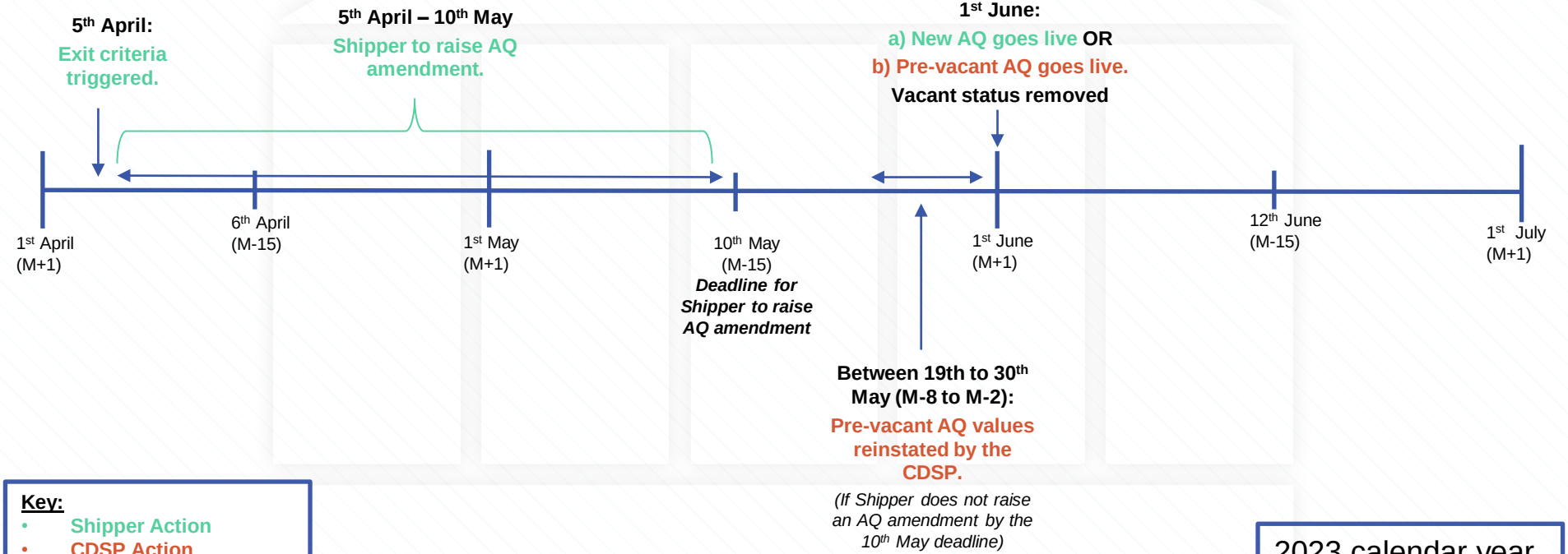
Modification 0819
Establishing/Amending a Gas Vacant Site Process

Vacant Site Exit Process – AQ Scenarios

DWG February 2023

Scenario 1 & 2:

AQ correction raised by Shipper within timescales ***OR*** CDSP reinstate pre-vacant AQ values.

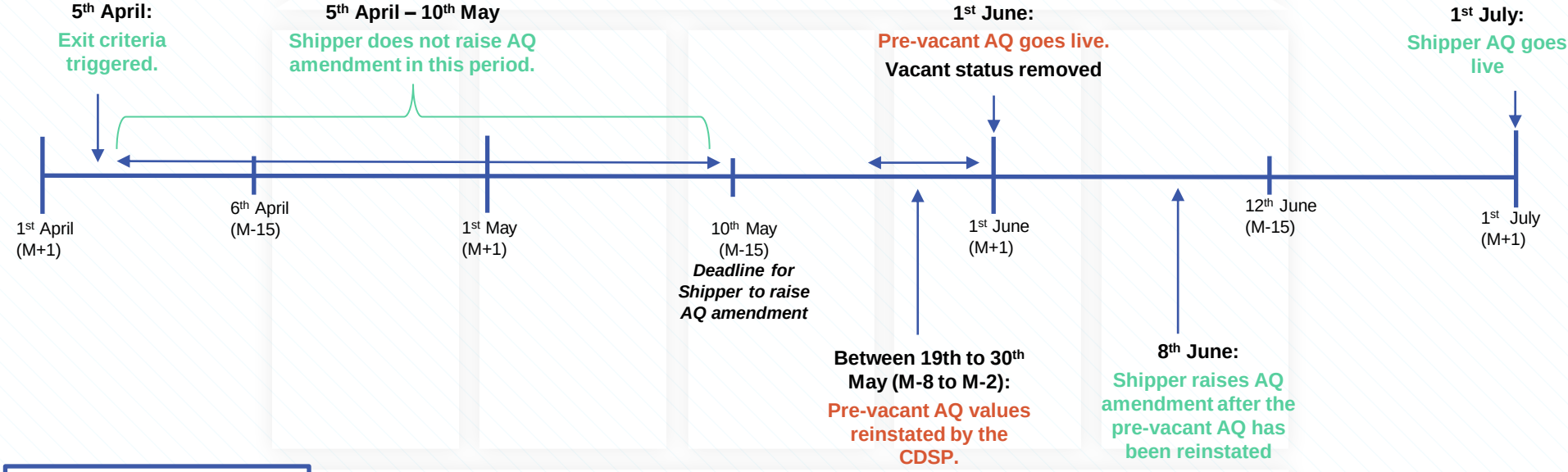


Key:

- Shipper Action
- CDSP Action

2023 calendar year

Scenario 3:
CDSP reinstate pre-vacant AQ values & Shipper raises AQ correction outside timescales.



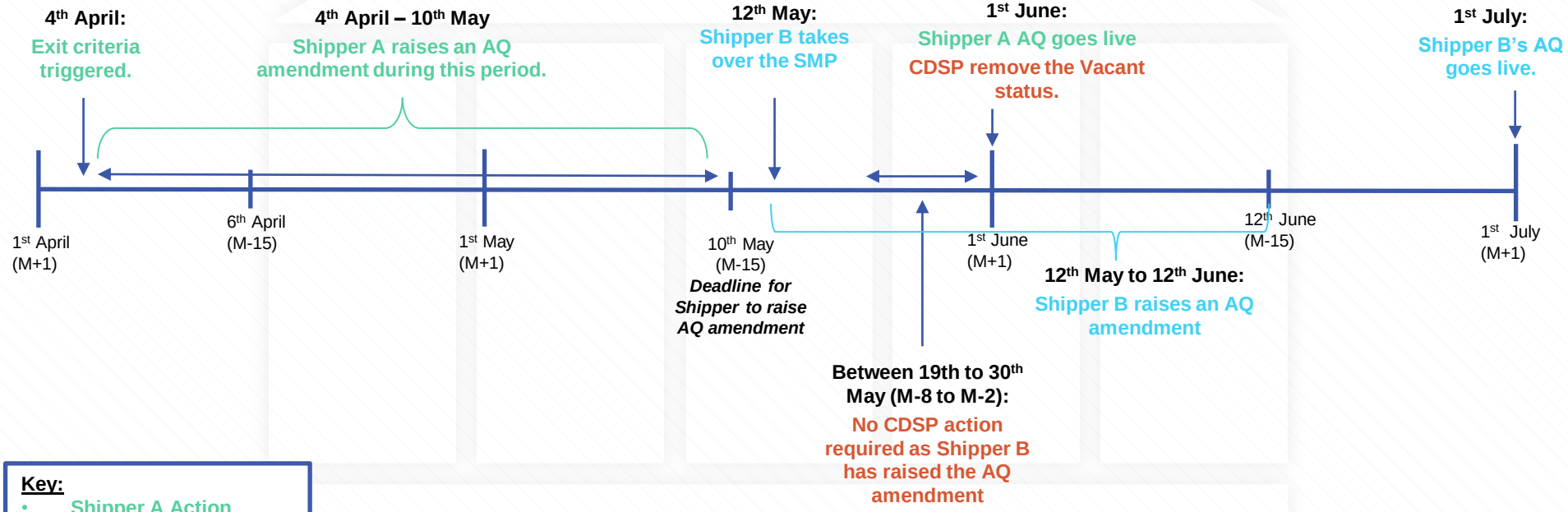
Key:
- Shipper Action
- CDSP Action

2023 calendar year

Scenario 4:

Change of Shipper during Exit Process.

Shipper A carries out AQ correction prior to change in ownership to Shipper B.



Key:

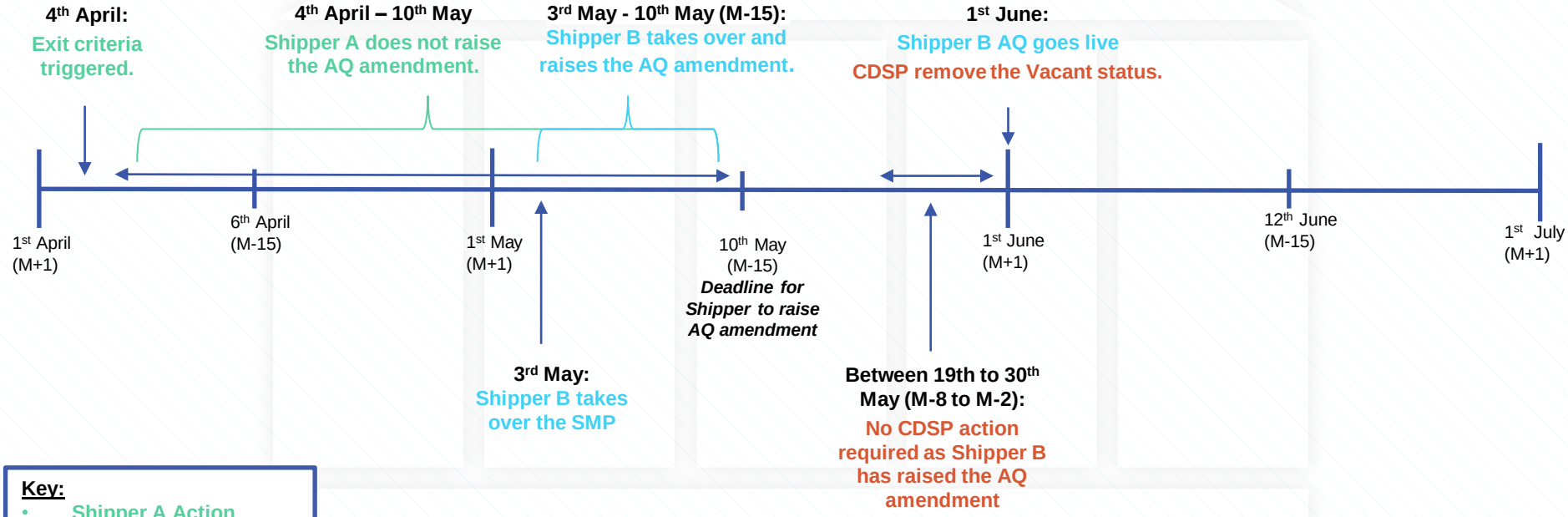
- Shipper A Action
- Shipper B Action
- CDSP Action

2023 calendar year

Scenario 5:

Change of Shipper during Exit Process.

Shipper B carries out AQ correction within original exit process timescales.



Key:

- Shipper A Action
- Shipper B Action
- CDSP Action

2023 calendar year

Questions from January 2023 Workgroup

Q1) How would the CDSP reinstate the pre-vacant AQ?

A1) We are anticipating that functionality will be developed to reinstate the pre-vacant AQ values. A CDSP generated AQ amendment process is not currently being proposed.

Q2) If the CDSP re-instate the pre-vacant AQ values between Jan-Mar, a requirement has been included that the FY AQ should be derived from the pre-vacant values and not the vacant AQ of 1. Why is this logic not being applied to Shipper AQ corrections?

A2) If a Shipper raises an AQ amendment via the existing process, the original snapshot position is automatically updated, so this requirement is not applicable for Shipper raised AQ amendments. Where the CDSP have to reinstate the pre-vacant AQ, we re not anticipating this is via an AQ amendment therefore this requirement is needed.