

**UNC Request Workgroup 0778R Minutes  
Gas Vacant Sites Process review  
Tuesday 08 February 2022  
via Microsoft Teams**

**Attendees**

Alan Raper (Chair)	(AR)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Alice Davis	(AD)	E Gas & Electric
Andy Clasper	(AC)	Cadent
Antonia Scott	(AS)	Shell Energy
Barbara Allsopp	(BA)	E.ON
Clare Manning	(CM)	E.ON
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Correla on behalf of Xoserve
Guv Dosanjh	(GD)	Cadent ( <i>late participant</i> )
James Doyle	(JD)	Out Fox the Market
John Harris	(JH)	Correla on behalf of Xoserve
Kate Lancaster	(KL)	Xoserve
Katie Holder	(KH)	?????
Kundai Matiringe	(KM)	BU UK
Lee Greenwood	(LG)	British Gas
Lindsay Bartlett	(LB)	?????
Michelle King	(MK)	Energy Assets
Nicky Kingham	(NK)	Correla on behalf of Xoserve
Paul Senior	(PS)	Utilita Energy
Richard Pomroy	(RP)	Wales & West Utilities
Stephanie Clements	(SC)	ScottishPower
Steve Mulinganie	(SM)	Gazprom
Tom Stuart	(TSt)	Wales & West Utilities

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0778/080222>

The Workgroup Report is due to be presented at the UNC Modification Panel by 18 August 2022.

**1. Introduction and Status Review**

Alan Raper (AR) welcomed all to the meeting.

**1.1. Approval of Minutes (11 January 2022)**

The minutes from the previous meeting were approved.

**1.2. Approval of Late Papers**

There were no late papers.

### 1.3. Review of Outstanding Actions

**Action 0902:** British Gas (LG) to provide an overview of the consequences of a failed audit. (i.e. what happens to a site that is discovered as occupied).

**Update:** When Lee Greenwood (LG) advised that investigations on this matter remain ongoing and that an update would be provided at the next Workgroup meeting, it was agreed to carry forward the action. **Carried Forward**

**Action 0905:** British Gas (LG) to provide a description on how Shippers/Suppliers satisfy themselves that their approach not to inspect meters at least once every 2 years complies with health and safety legislation.

**Update:** In referring to UNC Modification 0282A, LG advised that he is currently looking to develop the Modification around a more 'risk based' view and is currently awaiting an opportunity to discuss the matter in more detail with a colleague and that an update would be provided at the next Workgroup meeting.

When AR pointed out that resolution of both 0902 and 0905 are crucial to development of suitable Business Rules, it was agreed to carry forward the action. **Carried Forward**

**Action 1101:** Joint Office (LOS) to ask CACoP to consider how the information required for the P196 process can be replicated in the Gas market and how the information can be passed to Shippers from Suppliers.

**Update:** In noting the previous discussions on this matter, AR pointed out that this relates to processes within the BSC (switching off energy allocation related rules) Section S provisions.

Furthermore, until more clarity is forthcoming around any associated (Gas) processes, he remains reluctant to approach CACoP at this time. He went on to suggest that the solution might involve the development of a set of rules (inc. any site test requirement aspects) that may, or may not, reside outside of Code.

In light of the discussions it was agreed to carry forward the action. **Carried Forward**

**Action 1102:** All Workgroup Members to review the impact and appetite for changing the Rolling or Formula Year AQ.

**Update:** In once again observing that this action was created in response to discussions undertaken at earlier Workgroup meetings and in essence looks to 'tease out' potential option around how to manage Rolling or Formula Year AQ going forward, AR explained that he expects that more detail would become evident in future Review Workgroup meetings (i.e. whether AQ is rolled forward when a site is vacant; how would this flow through into the Formula AQ etc.).

It was agreed to carry forward the action and re-assess during ongoing developments around the potential options. **Carried Forward**

**Action 0101:** *Reference Unoccupied and Vacant Sites* – British Gas (LG) to provide examples of current sites with various status's and how any new processes would cater for these.

**Update:** Linked with action 0102 below.

During a very brief discussion, LG advised that he would look to provide some examples for consideration at the 08 March 2022 Request Workgroup meeting.

At this point AR suggested that provision of a set of potential scenarios and examples of how and what to do, would be extremely beneficial, especially if supported by some Business Rules and a guidance document which would help with practical understanding; points acknowledged by LG.

It was agreed to carry forward the action and re-assess during ongoing developments around the two options. **Carried Forward**

**Action 0102:** *Reference Draft High-Level Business Rules* – British Gas (LG) to develop an initial high-level set of (draft) Business Rules for vacant sites (inc. any potential test criteria) and supporting guidance around unoccupied sites and potential ‘switch off’ criteria.

**Update:** Apologising for not providing the (draft) document ahead of the meeting, LG provided an overview of his (draft) ‘*Business Rules outline*’ document prepared in response to outstanding actions 0101 and 0102, during which parties thanked him for what amounts to an excellent starting point for further consideration of the matter.

A detailed discussion was undertaken by parties in attendance during which the following key points to those on paper were noted:

#### Unoccupied Criteria

- Under normal circumstances engagement between parties involved may already be underway before a site becomes vacant

#### Non-Consuming Criteria

- It is suggested that ALL site variables should be included from the start to enable an informed view on any potential (financial) relief aspects;
- The ‘*Meter is recording non advancing reads*’ scenario caters for sites that could be unoccupied
  - It was noted that meter location codes (inc. exterior meters) relates in the main to previous debt discussions in respect of standing charges, whilst this provision focuses on vacant sites

#### No Access Criteria

- The scenarios outlined are similar to existing Electricity Market Model provisions and are an extract of the P196 wording, and
- In respect of the first two bullet points, these could involve a scenario for sites where no meter read has been provided, but ‘marginal’ consumption has been recorded – to be developed further.

#### Switch Off Criteria

- All Product Classes are included on the grounds that additional information might become available which could indicate that a site is no longer vacant – to be developed further;
  - It was suggested that there might be merit in applying the provision across ALL Product Classes, not simple PC4 (as per UNC Modification 0664VVS provisions)<sup>1</sup> – to be considered at a future meeting;
  - Consideration of advancing meter read aspects could prove beneficial;
- It was suggested, and agreed that ‘*Change of Tenancy*’ should be included in the listing going forward;
- Expansion of evident ‘*Customer – Supplier*’ contact, (and vice versa) scenario could be beneficial, and
- Any proactive switching should be the result of site activity being observed.

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<sup>1</sup> Copies of all documentation appertaining to UNC Modification 0664VVS are available to view and/or download from the Joint Office web site at: <https://www.gasgovernance.co.uk/0664>

Concluding discussions, it was acknowledged that where a Party is claiming relief and is subsequently found to be non-compliant with the rules (i.e. in clear breach of provisions), then their relief should be withdrawn immediately

It was agreed to carry forward the action and re-assess during ongoing developments around the two options. **Carried Forward**

## 2. Review of Existing Site Status & Potential Impact of New Processes

Please refer to discussions under both item 1.3 above and 3. below for more details.

## 3. Consideration of Draft Business Rules

During an extended consideration of the wider Business Rule requirements, the following items were noted (by exception) as follows:

- AQ amendment aspects need to be considered;
- Segues into UNC Request 0783R (AQ amendment process) development;
- Consideration of both short and long term financial relief aspects for vacant sites is needed;
  - Implementation of simple energy allocation switch-off be beneficial for short term relief aspects;
  - It was noted that UNC Modification 0723 (Urgent) provided similar financial relief during the Covid-19 pandemic lockdown;<sup>2</sup>
    - Provided Shippers with the option to chose what they preferred to do;
    - Workgroup could look to plagiarise some of the 0723 elements on the grounds that the Modification did not introduce any new system functionality, although clarification on how it dealt with the commodity-based aspects is needed;
    - There could also be a benefit in LG reviewing the UNC Modification 0282/0282A proposals, even though ultimately Ofgem rejected the Modification(s) on Safety grounds;<sup>3</sup>
    - Could possibly utilise some of the isolations related elements for 0778R purposes;
      - It was noted that the ISO process in CMS also provides an isolations mechanism that 0778R could utilise;
      - Pseudo-isolations process in order to facilitate switching off energy component might prove beneficial and could be build into LG's BR listing;
      - It was confirmed that an 'isolations' status already exists in the system which proves useful when parties are taking on a site, however further consideration around how this could be utilised for vacant site purposes;

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<sup>2</sup> Copies of all documentation appertaining to UNC Modification 0282/0282A are available to view and/or download from the Joint Office web site at: <https://www.gasgovernance.co.uk/0282>

<sup>3</sup> Copies of all documentation appertaining to UNC Modification 0664VVS are available to view and/or download from the Joint Office web site at: <https://www.gasgovernance.co.uk/0664>

**New Action 0201:** *Reference UNC Modification 0723 (Urgent) provisions – Xoserve (ER) to investigate whether some of the provisions could be adopted for 0778R purposes (inc. isolations aspects) , and also clarify how the Modification dealt with the commodity element.*

- Adoption of an optional selection-based approach, could help to incentivise Shipper to take the appropriate actions (inc. any relief on commodity aspects);
- It is recognised that short term relief aspects fall more naturally under the auspices of 0778R (potentially applying for the first 12 months in order to better aid settlement and commodity accuracy purposes), whilst the longer-term relief aspects may reside more naturally under 0783R developments (inc. AQ Adjustment aspects);
- Reference was made to the equivalent Electricity Market model whereby relief is provided for a 3-month period;
- A clear definition for 'short-term relief' is needed;
- A clear definition for what constitutes a 'vacant site' is needed – to be developed in due course;
  - Would one potential option for a site where the status has changed to vacant, be to pause certain processes,
    - It was acknowledged that there is potential merit in considering this further;
  - Whilst the Rolling AQ provisions benefit industry as a whole, the vacant site issue poses a uniquely different set of challenges for specific sites;
  - Existing Rolling AQ and associated amendments processes can potentially be impacted by the vacant site issue, and perhaps it would be beneficial to separate out the AQ amendment process aspects for discrete consideration;
- What to do in the event that a site has been miscategorised as vacant to be developed;
  - Concern around the potential to avoid significant costs, especially over winter period;
  - Where a Party has erroneously selected the option for (financial) relief, any abuse of process should incur a financial adjustment equivalent to the charges that avoided in doing so – in short, an incentive not to abuse the process for financial gain;
  - As a Party has to 'warrant' that a site is vacant, perhaps there is a monitoring role for the Performance Assurance Committee (PAC) going forward;
    - Currently Parties that breach their own warrant do not incur (direct) costs and/or financial remedy;
      - A clear definition for what constitutes a 'breach' of warrant is needed and what rules might be needed to police the matter;
      - Any associated test needs to be fair and transparent;
      - Portfolio % apportioned penalties might prove beneficial and appropriate;
      - Consensus amongst those in attendance at the meeting is that identification of deliberate abuse (i.e. optimisation) of the (financial) relief mechanisms is difficult under the current regime;
      - Stronger financial sanctions may need to be developed and introduced;

- UNC Modification 0736S benefits could have been used to reverse the benefit, but this is now effectively being time expired;
- It was noted that whilst the issue that gave rise to Mod 0736S did ultimately result in the rules being changed, there has been no retrospective adjustment of associated costs;
- AR raised a suggestion that the adoption of a SMP versus SAP calculation could provide a potential mechanism to address avoided costs, even if it could involve a complex calculation – LG to consider further in respect of misuse of relief provisions;
- ‘Switch Off’ processes in respect of a breach need further consideration, especially around potential triggers, and impact on AQ corrections etc.;
  - Care is needed to avoid AQ values residing at 1 for extended periods;
- PAC could be requested to focus on ‘outliers’ and empowered to monitor and manage performance process going forward – potentially requiring a new UNC Modification to be raised;
  - Undertake audits;
  - Identify any potential financial relief breaches;
  - Identify any potential site warrant breaches;
  - Manage performance and remedial actions / sanctions;
- Further consideration of the potential impact on the Customer Charge element within the Transportation Charges is needed for instances where the site AQ is set to zero;

**New Action 0202:** *Reference Transportation Charges Impacts – Wales & West Utilities (RP)* to provide a view on the potential impacts including the Customer Charge related aspects when a site AQ is set to zero.

- Reference to a previous presentation provided for the 03 November 2021 meeting was noted;<sup>4</sup>
- Consideration of how long 0778R Workgroup should run (before potentially continuing development via a new UNC Modification) will be needed in due course;
  - It is felt that any ‘safety’ related elements will need to be thoroughly considered before raising the new UNC Modification, especially bearing in mind that the ‘default’ HSE view is that any new (short and/or long term) provisions should be no less safe than current safety provisions;
  - LG was requested to provide a better insight on the Electricity (BSC) Safety Model Compliance and how this might be applied for 0778R purposes;
    - The view was that as this is deemed to be an acceptable process for electricity, it follows that it should also be the case for the gas side;

**New Action 0203:** *Reference the Electricity (BSC) Safety Model Compliance – British Gas (LG)* to consider how that provision might be applied to 0778R going forward.

- It was noted that in the end, removing the meter altogether remains a ‘last resort’ option, and as such, would / do not weaken the existing meter removal aspects;

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<sup>4</sup> Copies of all documentation appertaining to the 03 November 2021 meeting are available to view and/or download from the Joint Office web site at: <https://www.gasgovernance.co.uk/0778/031121>

- Consideration of the Electricity model and the re-validation aspect in particular may prove beneficial;
  - Establishing a Vacant site should not be a one-off activity and should be supported by a re-validation process;
  - Challenge remains as to what form any 'oversight' provisions are required, and would suffice;

Please also refer to the discussions under outstanding action 0102 above for more details.

#### 4. Next Steps

AR advised that he had now compiled an update based on the Workgroup discussions to date, with a view to providing a progress update to the 17 February 2022 Panel. When asked, parties in attendance supported the presentation.

AR then went on to confirm that the next meeting would focus on reviewing:

- Review of Existing Site Status and Potential Impact of New Processes
- Consideration of draft Business Rules and Framework for development of (draft) UNC Modification
- Consideration on when to switch from the Request Workgroup and raise a new UNC Modification

#### 5. Any Other Business

None.

#### 6. Diary Planning

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

Workgroup meetings will take place as follows:

Time/Date	Paper Publication Deadline	Venue	Programme
10:00, Tuesday 08 March 2022	17:00, Friday 25 February 2022	Teams Meeting	Standard Request Workgroup Agenda

**Action Table (as at 08 February 2022)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0902	23/09/21	1.0	British Gas (LG) to provide an overview of the consequences of a failed audit. (i.e. what happens to a site that is discovered as occupied).	British Gas (LG)	<b>Carried Forward</b> Update due 08/03/22

**Action Table (as at 08 February 2022)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0905	23/09/21	1.0	British Gas (LG) to provide a description on how Shippers/Suppliers satisfy themselves that their approach not to inspect meters at least once every 2 years complies with health and safety legislation.	British Gas (LG)	<b>Carried Forward</b> Update due 08/03/22
1101	03/11/21	3.0	Joint Office (LOS) to ask CACoP to consider how the information required for the P196 process can be replicated in the Gas market and how the information can be passed to Shippers from Suppliers.	Joint Office (LOS)	<b>Carried Forward</b> Update due 08/03/22
1102	03/11/21	6.0	All Workgroup Members to review the impact and appetite for changing the Rolling or Formula Year AQ.	All Workgroup Members	<b>Carried Forward</b> Update due 08/03/22
0101	11/01/22	2.	<i>Reference Unoccupied and Vacant Sites</i> – British Gas (LG) to provide examples of current sites with various status's and how any new processes would cater for these.	British Gas (LG)	<b>Carried Forward</b> Update due 08/03/22
0102	11/01/22	2.	<i>Reference Draft High-Level Business Rules</i> – British Gas (LG) to develop an initial high-level set of (draft) Business Rules for vacant sites (inc. any potential test criteria) and supporting guidance around unoccupied sites and potential 'switch off' criteria.	British Gas (LG)	<b>Carried Forward</b> Update due 08/03/22
0201	08/02/22	3.	<i>Reference UNC Modification 0723 (Urgent) provisions</i> – Xoserve (ER) to investigate whether some of the provisions could be adopted for 0778R purposes (inc. isolations aspects) , and also clarify how the Modification dealt with the commodity element	Xoserve (ER)	<b>Pending</b>
0202	08/02/22	3.	<i>Reference Transportation Charges Impacts</i> – Wales & West Utilities (RP) to provide a view on the potential impacts including the Customer Charge related aspects when a site AQ is set to zero	Wales & West Utilities (RP)	<b>Pending</b>



**Action Table (as at 08 February 2022)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0203	08/02/22	3.	<i>Reference the Electricity (BSC) Safety Model Compliance – British Gas (LG) to consider how that provision might be applied to 0778R going forward</i>	British Gas (LG)	<b>Pending</b>