
















UNC Request		At what stage is this document in the process?
<h1>UNC 0778R:</h1> <h2>Gas Vacant Sites Process review</h2>		<div>01 Request</div> <div>02 Workgroup Report</div> <div>03 Final Modification Report</div>
<p><b>Purpose of Request:</b></p> <p>Review the process and treatment of Long Term Vacant Sites in Settlement</p>		
	<p>The Proposer recommends that this Request should be assessed by a Workgroup. This Request will be presented by the Proposer to the Panel on 19 August 2021.</p>	
	<p>High Impact:</p> <p>None</p>	
	<p>Medium Impact:</p> <p>Shippers, Transporters, CDSP</p>	
	<p>Low Impact: None</p>	

Contents		 Any questions?
<b>1 Request</b>	<b>3</b>	Contact: <b>Joint Office of Gas Transporters</b>
<b>2 Impacts and Costs</b>	<b>4</b>	 <a href="mailto:enquiries@gasgovernance.co.uk">enquiries@gasgovernance.co.uk</a>
<b>3 Terms of Reference</b>	<b>7</b>	 0121 288 2107
<b>4 Recommendation</b>	<b>8</b>	Proposer: <b>Oorlagh Chapman</b>
<b>About this document:</b>		 <a href="mailto:Oorlagh.Chapman@Centrica.com">Oorlagh.Chapman@Centrica.com</a>
This document is a Request, which will be presented by the Proposer to the panel on 19 Aug 2021.		 telephone 07557 614769
The Panel will consider the Proposer's recommendation and agree whether this Request should be referred to a Workgroup for review.		Transporter: <b>Not Applicable</b>
		 email address.
		 telephone
		Systems Provider: <b>Xoserve</b>
		 <a href="mailto:uklink@xoserve.com">uklink@xoserve.com</a>
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		Additional contacts: <b>Not Applicable</b>
		 email address.
		 telephone

## 1 Request

### Why is the Request being made?

At present gas Shippers are unable to effectively reduce settlement and transportation cost exposure to sites that are vacant.

This problem was considered in great detail in relation to the electricity market in 2005 under Issue 142 of the Balancing and Settlement Code and subsequently resulted in the successful introduction of MOD1963 (“Treatment of Long Term Vacant Sites in Settlement”); Modification 196 was introduced in February 2007.

The basis of MOD196 is that where a Suppliers receives two “notification of failure to obtain reading” flows, with the “site visit check code” noted as “not occupied”, of more than 3 months and no more than seven months apart, they can apply for the site to have the Estimated Annual Quantity (EAC) set to zero. Exclusions apply and there are monitoring and ongoing management requirements for sites assigned Long Term Vacant status and rules to outline when a site no longer qualifies.

At the present time in the gas market the AQ for a site can only be altered downwards, where metering readings suggest that there has been a reduction in the gas consumed at a site. However, with a vacant site a Shipper/Supplier cannot gain access to the site to determine that there has been no consumption. The Shipper is left with no re-address in respect of changing the AQ of the site or reducing transportation costs to the site.

A modification for this subject was raised and unsuccessfully progressed back in 2010<sup>1</sup>, following which we have seen the introduction of Project Nexus and in more recent times the COVID-19 pandemic; a situation that we expect to increase the number of vacant sites, especially in the commercial sector.

### Scope

The scope of the review should include but not be limited to:

1. The existing arrangements as defined in the UNC for amending AQs; and
2. The accuracy of Settlement data recorded within industry systems such as UK Link.
3. What criteria must be met to classify a site as Vacant;
4. How long a site can be classified as Vacant for;
5. and what reading should be entered into settlement.
6. How could a Vacant Site Process Interact with other Industry Processes?
7. How could sites that are classified as Vacant be reviewed and audited?

### Impacts & Costs

Undertaking a detailed review vacant site arrangements may necessitate input from Shippers, Gas Transporters, and the CDSP.

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<sup>1</sup> <https://www.gasgovernance.co.uk/0282>

This Request should also consider any potential Cross Code impacts, in particular Independent Gas Transporter (IGT) UNC and REC governance.

## Recommendations

Panel is requested to put in place a review of the arrangement of vacant sites to ensure they continue to remain fit for purpose and that the associated settlement processes within industry systems remains accurate. It is anticipated that the workgroup could recommend changes to the industry arrangements and codes if warranted by the findings of the review.

## 2 Impacts and Costs

### Consideration of Wider Industry Impacts

#### Impacts

Impact on Central Systems and Process	
Central System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> <li>Improvement to data accuracy</li> </ul>
Operational Processes	<ul style="list-style-type: none"> <li>Improved clarity in relation to vacant site arrangements</li> </ul>

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> <li>Improved clarity in relation to vacant site arrangements and UNC requirements.</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>None Identified</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>None Identified</li> </ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>Improved clarity in relation to settlement arrangements and improved clarity in relation to settlement accuracy.</li> </ul>

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none"> <li>None</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>None</li> </ul>
Recovery of costs	<ul style="list-style-type: none"> <li>None</li> </ul>
Price regulation	<ul style="list-style-type: none"> <li>None Identified</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>None identified</li> </ul>

Impact on Transporters	
Legislative, regulatory and contractual obligations and relationships	None Identified
Standards of service	<ul style="list-style-type: none"> <li>None identified</li> </ul>

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> <li>None identified</li> </ul>
UNC Committees	<ul style="list-style-type: none"> <li>None identified</li> </ul>
General administration	<ul style="list-style-type: none"> <li>None identified</li> </ul>
DSC Committees	<ul style="list-style-type: none"> <li>None identified</li> </ul>

Impact on Code	
Code section	Potential impact
	<ul style="list-style-type: none"> <li>To be determined through review</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none"> <li>None identified</li> </ul>
General	Potential Impact
Legal Text Guidance Document	<ul style="list-style-type: none"> <li>None identified</li> </ul>
UNC Modification Proposals – Guidance for Proposers	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Self Governance Guidance	<ul style="list-style-type: none"> <li>None identified</li> </ul>
TPD	Potential Impact
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> <li>None identified</li> </ul>
UNC Data Dictionary	<ul style="list-style-type: none"> <li>None identified</li> </ul>
AQ Validation Rules (TPD V12)	<ul style="list-style-type: none"> <li>None identified</li> </ul>
AUGE Framework Document	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Customer Settlement Error Claims Process	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Demand Estimation Methodology	<ul style="list-style-type: none"> <li>None identified</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Energy Settlement Performance Assurance Regime	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Guidelines to optimise the use of AQ amendment system capacity	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Guidelines for Sub-Deduct Arrangements (Prime and Sub-deduct Meter Points)	<ul style="list-style-type: none"> <li>None identified</li> </ul>
LDZ Shrinkage Adjustment Methodology	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Performance Assurance Report Register	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Shares Supply Meter Points Guide and Procedures	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Standards of Service Query Management Operational Guidelines	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Network Code Validation Rules	<ul style="list-style-type: none"> <li>None identified</li> </ul>
	<ul style="list-style-type: none"> <li></li> </ul>
OAD	Potential Impact
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> <li>None identified</li> </ul>
	<ul style="list-style-type: none"> <li>None identified</li> </ul>
EID	Potential Impact
Moffat Designated Arrangements	<ul style="list-style-type: none"> <li>None identified</li> </ul>
	<ul style="list-style-type: none"> <li>None identified</li> </ul>
IGTAD	Potential Impact
	<ul style="list-style-type: none"> <li>None identified</li> </ul>
DSC / CDSP	Potential Impact
Change Management Procedures	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Contract Management Procedures	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Credit Policy	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Credit Rules	<ul style="list-style-type: none"> <li>None identified</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
UK Link Manual	<ul style="list-style-type: none"> <li>To be considered through review group</li> </ul>

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Gas Transporter Licence	<ul style="list-style-type: none"> <li>None identified</li> </ul>

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Operation of the Total System	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Industry fragmentation	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	<ul style="list-style-type: none"> <li>None identified</li> </ul>

## 3 Terms of Reference

### Background

Due to a site being vacant, there is no means to get a meter reading, there is also no method to update the AQ. Consumers are liable for costs despite a clear likelihood of no consumption at the site. It is anticipated that the number sites affected by this situation is likely to increase, especially for commercial sites following the pandemic. The result of this is inefficient and inaccurate Settlement arrangements for these sites.

## Topics for Discussion

- Understanding the objective
- Assessment of alternative means to achieve objective
- Development of Solution (including business rules if appropriate)
- Assessment of potential impacts of the Request (including cross code impacts)
- Assessment of implementation costs of any solution identified during the Request
- Assessment of legal text or likely areas of code to require updates

## Outputs

- Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup including a draft modification where appropriate.
- Suggested timeline for completion of Workgroup Report is 6 months.

## Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two Shipper User representatives are present.

## Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice.

# 4 Recommendations

## Proposer's Recommendation to Panel

The Proposer invites the Panel to:

- DETERMINE that Request 0778R progress to Workgroup for review.