

UNC 0778R: Gas Vacant Sites Process review

- 01 Request
- 02 Workgroup Report
- 03 Final Modification Report

Purpose of Request:

Review the process and treatment of Long-Term Vacant Sites in Settlement



The Workgroup recommends that the Panel now considers this report and approves the closure of this Request Workgroup.











High Impact:
None



Medium Impact:
Shippers, Transporters, CDSP



Low Impact:
None

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About this document:		
This report will be presented to the panel on <u>21 July</u> 2022.		Oorlagh.Chapman@Centrica.com
The panel will consider whether the Request should proceed with a <u>Modification</u> or return to the <u>Workgroup</u> for further assessment.		 telephone 07557 614769
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		 telephone
		Systems Provider: Xoserve
		 uklink@xoserve.com.

1 Request

Reason for Request

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 (BSC) and subsequently resulted in the successful introduction of BSC Modification P196 (“Treatment of Long-Term Vacant Sites in Settlement”), (BSC ~~Mod~~ P196), in February 2007.

The basis of BSC ~~Mod~~-P196 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 2010¹, 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.

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

¹ [UNC Modification 0282 / 282A](#)

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

Consumer Impacts

The creation of a vacant site status is principally aimed at supply points that do not have an identified customer, (energy consumer), where it can be reasonably ascertained, by a number of prescribed tests, that no gas is being consumed. Consequently, the benefit of this change is principally targeted at the shipper, since the vacant status would effectively pause energy allocation and the associated requirement to obtain a meter read to trigger a reconciliation. The benefit, therefore, relates to the cost of procuring energy to meet a non-existent demand and wait for that energy to be reconciled with the time offset effect of gas costs that such a process could incur. As such this facility will largely benefit the Registered User at a vacant site.

Change in Consumer Experience

The Workgroup concluded that there would be no significant change regarding consumer experience

Impact of the change on Consumer Benefit Areas:

Area	Identified impact
<p>Improved safety and reliability</p> <p><u>As part of these discussions, due consideration was given to the Ofgem decision letter relating to Modification 282/A, which rejected the proposal, mainly on the grounds of safety.</u></p> <p><u>In this regard, the Workgroup noted two significant factors that may have a bearing on any future decision in this matter:</u></p> <p><u>First, the 2-year meter inspection rule is no longer a blanket requirement, rather any inspections that take place now are the result of a risk-based assessment, and.</u></p> <p><u>Secondly, even if the meter is not inspected, the proposed rules for a site remaining Vacant would be a requirement for the premises to be revisited periodically, (as per the requirement to visit the premises to maintain the vacant status and where relevant, in accordance with Must read protocols), ensuring better shipper has a better view of the status and activity occurring at the premises.</u></p>	Positive

<p>Lower bills than would otherwise be the case</p> <p><u>There is an overall benefit derived from the fact that settlement would become accurate. While this would not crystallise as a benefit to an individual consumer, the overall improvement in settlement accuracy would provide better cost targeting and allow shippers to avoid any unnecessary costs associated with procuring gas and then having the same volume reconciled back to it, potentially at different rates.</u></p> <p><u>It should be noted that meter reading costs would be largely the same as to maintain the vacant status of a site, the site would still need periodic visits.</u></p>	Positive
<p>Reduced environmental damage</p> <p><u>It is anticipated that the proposed rules would have neither a positive nor negative impact on the environment.</u></p>	None
<p>Improved quality of service</p> <p><u>It is anticipated that the proposed rules would have neither a positive nor negative impact on the quality of service.</u></p>	None
<p>Benefits for society as a whole</p> <p><u>It is anticipated that the proposed rules would have neither a positive nor negative impact on the society as a whole.</u></p>	None

Cross-Code Impacts

As vacant status would be a site-specific attribute, if the use of the vacant facility was required on IGT networks, it is expected a modification to the IGT UNC would be required to reflect the UNC arrangements.

During discussions it was noted that BSC P196 references information gathered in the gas market but there would be no formal linking of the BSC and UNC in this respect.

Central Systems Impacts

Since this a Review Group, no ROM / XRN has been commissioned however, initial CDSP view is that a change to record and develop the functionality processing of a Vacant “flag” would be significant and would affect a number of system platforms and would, in all probability would need to be implemented as a “major” release.

Panel Questions

1. Review Modification 282/A as along similar lines which Ofgem rejected previously

As stated in the customer benefits section, above, the changes to the meter inspection arrangements, coupled with increased visiting of these sites, (as proposed as part of the obligations for maintaining a site as vacant), should offer a degree of comfort that a Modification of this nature could now be contemplated in the revised regulatory / operational safety framework.

2. Why are existing process(es) not suitable.

None of the existing business process, (identified during Work group discussions and listed in this report below), provide the same level of convenience and relief from the exposure of procuring gas for non-consuming sites as would the ability to simply input a “flag” on to UK Link to reflect the zero consumption. It is felt that to have specific data items to reflect vacancy and processing of vacant site, represents the cleanest and most transparent way of dealing with sites categorised as vacant.

3. Request Workgroup to provide Quarterly updates to Panel

An interim presentation of progress was provided to the February Panel. It is anticipated that this Workgroup will conclude in June and this final Workgroup Report will be submitted to the July Panel.

Workgroup Impact Assessment:

Summary of Work group discussions

Meeting #1

At the initial Workgroup, discussions centred around current arrangements and the mitigations available to shippers to avoid gas being allocated, (and subsequently being reconciled), at supply points where it is suspected there is no consumption. At the time it was noted that the recent COVID-19 pandemic had exacerbated the mismatch between the energy being allocated to a site, based on its AQ / EUC band, and that actually being consumed and that measures to intervene in the normal running energy allocation rules were introduced on a temporary basis to partially offset this effect. It was also recognised that despite the COVID-19 effect on consumption, differences between allocated energy and consumption exist to varying degrees on an ongoing basis and mechanisms and process have been introduced into the Code over time to mitigate this effect.

The mitigations currently available to shippers were describe in this initial session and are listed below:

Access via Landlord (to obtain a reconciliation read)

Access via Warrant, where theft or debt suspected

Discussions around 2-yearly meter inspections and associated access rights

Use of Isolation - suspends energy allocation

Use of Isolation and Withdrawal - suspends energy & transportation charges

Provisions introduced to mitigate COVID-19 effect and it was noted that temporary closures that may become permanent & other associated uncertainty factors

Meter clamping / Meter removal & GS(IU)R cut-off processes

It was noted that in terms of processing currently, where no meter readings are obtained, (for whatever reason), the key billable attributes are treated as follows:

Site properties (AQ / SOQ / EUC) remain static: no read means no periodic revision of site parameters

No temporary cessation to allocation: any over allocation resolved when Meter eventually read / reconciled

Also discussed at this meeting was Modification 282/A and the reasons why this was not approved by Ofgem, in line with the Panel vote on both Modifications. It was noted that while Ofgem considered

that the aspect of the modification that dealt with allocation had merit there was overriding safety concern that should a site be classified as vacant that routine meter readings and inspections would not be undertaken. It was noted that, that in accordance with BSC P196, Vacant sites would still have to be visited periodically for the vacant status to remain valid.

At this meeting it was also noted that the BSC Section S, did contain provisions and processes that allowed sites to be classified as vacant. The process in question was introduced by BSC P196², and seemed to offer many of the features that had previously been discussed during Modification 282/A. It was therefore decided to examine the BSC P196 process in more detail to see if it offered a template that could be transferred into the UNC.

At this meeting the CDSP was asked to provide an overview of the effect on energy balancing of sites depending on their AQ and status. The response to this action may be found here (CDSP Response).

Meeting #2

At the second meeting there was considerable discussion of the BSC P196 process.

The key points noted were as follows:

Process Trigger: should a supplier fail in its attempts to obtain a meter reading on two occasions it may submit a data flow to settlement system to record a site as vacant. The two attempts to gain access / read the meter must be at least three months apart.

The Supplier must endeavour to read meters and this may include:

_____ A check on the gas situation to see if access issues are comparable;

_____ Track down possible key holders – Estate agents etc

The Supplier must attempt access at least every 7 months and re-evaluate status;

An audit trail must be maintained;

To ensure that the process has been rigorously adhered to the BSC Performance assurance Board possessed audit rights;

A Change of Supplier removes the Vacant status.

During these discussions a number of points were made by participants:

_____ Product Class (PC) coverage: largely agreed Vacant provisions should be available to all PC, although it was noted that AMR, available on many meters, and mandated on some PC2 and PC3, meters, should provide reads and should reduce AQ by virtue of the Rolling AQ mechanism.

_____ It was also suggested that the increase in Smart meters, (and their ability to transmit reads without access to a property being achieved), may mean that the issue of vacancy relates more to “dumb”, (or Smart meters in dumb mode), meters.

_____ Even an empty premises may still consume energy: e.g. frost-protection thermostat and building-fabric preservation heating.

_____ Vacant status should have to be periodically (re)-validated.

² [Legal text for BSC Modification P196](#)

Solution options may be cross-code and impact REC.

CDSP may be able to offer a validation service, (outwith UNC).

Meeting #3

The third meeting of the Request Workgroup concentrated on two key aspects:

The first aspect built on earlier discussions relating to relevance of a vacant status with respect to AMR meters, noting Smart meters should be able to identify and report zero consumption promptly but that also many Smart meters can default to dumb under certain circumstances. Also reiterated was a requirement not to repeat the result of Modification 282/A and that lessons of the outcome of that modification should be learnt, principally into the safety aspects that factored into the Authority's decision.

The second aspect of the discussion set out some initial consideration as to what the entry and exit criteria should be for a site to qualify for vacant relief.

Descriptions of a vacant site included:

No evidence that the property was occupied,

Gas not being consumed,

No access to the meter,

Although it was noted at this stage this was not a fully developed nor exhaustive set of criteria.

It was also recognised that there may be a requirement for a related document that could form a user-guide and that a process flow diagram could help with the visualisation of the vacant entry and exit process. It was recognised that meter reading agencies would have a key role to play and that the application of the rules across such agencies would need to be uniform.

At this meeting it was also noted that it was important that a vacant status was not misappropriated as doing could have a detrimental effect of an individual sites settlement accuracy as well as adversely affecting UIG.

Meeting #4

The fourth meeting considered two aspects of a potential modification:

First the Workgroup considered the criteria for defining a vacant site and discussed how they could be more accurately defined. The criteria discussed, and their associated definitions, were:

Unoccupied,

Non-consuming,

No Access.

Secondly, the group considered some of the supporting business rules that could be required to make the process operate. It was noted that consideration should to be given to the following aspects of the process:

What would be the vacant status "switch-off" or exit criteria / provisions, for instance:

Receipt of an incrementing read:

Change of Tenancy, and

any other automated resetting of the vacant status

What would be the precise nature of the financial relief would be offered by declaring Vacant Status:

Which shipper costs would be avoided: Should this solely relate to energy allocation or should it include both Energy & Transportation;

Would there be a different treatment for short-term vacant and long-term vacant;

What role does the AQ amendment process play.

What should be the financial ramifications, (if any) of misappropriating vacant status or when a site changes status unbeknown to the shipper. Discussion included comments relating to:

Simple reconciliation of consumption may not reflect all avoided costs;

Should more elaborate financial remedies be applied;

Should the Performance Assure Committee have a policing role.

Should there be periodic revalidation of Vacant Status, as is required by P196.

Meeting #5

At the fifth meeting, the majority of the discussion revolved the effect of the current UNC process for ceasing energy allocation and transportation charges, with a view to seeing whether any existing UNC rules or system functionality could provide a solution for vacant sites.

Capacity and Commodity Charging

Class 3 and 4 meter points (NDM)	Capacity Charges	Commodity Charges	Meter Point Reconciliation
Meter point is isolated	Capacity Charges are billed based on SOQ (Peak day consumption)	Commodity Charges are zero as there is no daily energy allocation for Isolated sites	Meter reads are not accepted for Isolated sites. Any gas usage during a period of Isolation would be billed as reconciliation when the first actual reading is accepted after "re-establishment". Energy price is SAP (System Average Price) for the relevant period.
AQ = 1 (or other negligible value), meter point is not isolated	Capacity Charges are zero as the SOQ (peak day consumption) is negligible	Commodity Charges are zero as there is no daily energy allocation due to a negligible AQ	Meter point rec compares actual usage based on meter reads to original allocation of zero and bills any actual usage on the Amendment invoice as energy and commodity charges. Energy price is SAP for the relevant period. Note that reads may be rejected due to tolerance failures.
AQ >1, meter point is not Isolated	Capacity Charges are billed based on SOQ (Peak day consumption)	Commodity Charges are billed based on daily gas allocation (derived from the AQ and the NDM Algorithm)	Meter point rec compares actual usage based on meter reads to original allocation and bills the difference (over or under) on the Amendment invoice as energy and commodity charges. Energy price is SAP for the relevant period.

The view remained the same that while existing processes provide some relief from certain chargers none of the existing provisions appropriately address the requirements of vacant sites.

At the conclusion of this meeting it was agreed that the time was probably right to move to a developing the first iteration of the business rules, (Modification Solution), and develop these in subsequent Workgroups to the point where the Workgroup could recommend to the Request Workgroup proposer that the draft Modification should be raised as a Modification.

Meeting #6

At the sixth meeting of the Workgroup, the principal topic of discussion was the first draft of the business rules. Following that discussion, which covered:

Vacant Site test (eligibility criteria)

Audit & Monitoring of use of vacant facility

Recertification of vacant status

Process life-cycle

12-month review of vacant status and links to the AQ amendment process

it was agreed that a further iteration of the business rules should be provided to the next Workgroup and that the next draft of the modification should include some analysis of the relevant objectives

Outcome of Topic Discussions at Workgroup

1. The existing arrangements as defined in the UNC for amending AQs;

There was some discussion in the Workgroup regarding the use of the AQ amendment process to reduce the quantity of energy allocated to a site classed as vacant. The prevailing view appears to be that AQ should not be the primary tool to reduce allocation, rather energy allocation should be "switched off" when the vacant criteria are met. There was, however, a view that that once the site had been vacant for a year, there would be some logic in allowing an AQ amendment to reduce allocation on a more permanent basis, with the additional effect of reducing transportation charges at these sites.

2. The accuracy of Settlement data recorded within industry systems such as UK Link;

It is proposed that any existing settlement data in UK link would be unaffected and remain accurate, with any data associated with the vacant status process layered on top of any existing site-specific data and business processes would run according to the parameters held against each site. (For example, a vacant site would be excluded from allocation by virtue of its vacant status, not as a result of amending its AQ.) All information and data collected by a shipper associated with vacant status would need to be retained for examination should PAC suspect any processing anomalies.

3. What criteria must be met to classify a site as Vacant;

These are listed earlier in this section and in the main relate to non-occupancy, non-consumption and meter access criteria and will be further developed in the Business Rules of any modification. The draft modification in the Appendix provides the latest view of the vacant site criteria.

4. How long a site can be classified as Vacant for;

No time-based criteria have been developed for vacant site classification purposes.

5. And what (meter) readings should be entered into settlement:

As one of the criteria for vacant status is an inability to obtain a read, no reads would be input into the system while the site is classified as vacant, In fact it is expected that the proposed modification would have a business rule that stated if an incrementing read was received by the CDSP this would be one of the triggers that would cause a site to cease being classified as vacant.

6. How could a Vacant Site Process interact with other industry processes:

The vacant site process will operate under its own business processes with the main interaction being with energy allocation, and any subsequent effect on the distribution of UIG.

Some thought has also been given to the use of the AQ Amendment process to reduce the AQ on a semi-permanent basis once the site has been flagged as vacant for a prescribed period of time.

It is also being proposed that any site flagged as vacant would have its meter excluded from meter reading performance metrics, however, given that the premises visits are seen as a mitigation in the area of safety, must-read protocols would not be affected by the vacant status.

These business rules and processes are still in development and these may change during the modification development process.

7. How could sites that are classified as vacant be reviewed and audited:

The view is that new PARR reports would need to be developed and the level of vacant sites status use monitored. Other performance metrics, other than just vacant sites as a proportion of portfolio, may need to be considered and developed. An "aged" report, that is to say how long sites remain vacant and how many sites exit vacant status may also be useful reporting for PAC.

8. Comparison to BSC P196 Electricity Process:

P196 has been discussed and the relevant elements (entry criteria, exit criteria and revalidation requirements) being considered.

9. Performance Assurance Reporting and Monitoring:

See Question 7.

10. Compliance with Health and Safety Legislation - Gas Safety (Installation & Use) Regulations (GS(IU) Regs):

The Workgroup noted two significant factors that may have a bearing on any future decision in this matter:

First, the 2-year meter inspection rule is no longer a blanket requirement, rather any inspections that take place now are the result of a risk-based assessment, and.

Secondly, even if the meter is not inspected, the proposed rules for a site remaining Vacant would be a requirement for the premises to be revisited periodically, (as per the requirement to visit the premises to maintain the vacant status and where relevant, in accordance with Must Read protocols), ensuring better shipper has a better view of the status and activity occurring at the premises.

11. Treatment of Charges (Commodity and Capacity):

Currently this is largely an energy-based modification with the prospect of transportation being affected in the medium term. It has been discussed that after a year in a vacant status there is logic in including this as a valid reason for reducing the AQ, (potentially to 1), to reflect the previous 12-month's consumption.

12. Impact to Energy Balancing:

The proposed extent of the modification does not affect energy balancing. While the introduction of a vacant status would move allocation from vacant sites to all other sites, the rationale is that allocating zero energy to a non-consuming site is the right thing to do. By doing this initial allocation accuracy is improved and reconciliation quantities should be reduced. Meter readings, whether incrementing or not, should continue to be collected and where obtained must be input into UK-Link to trigger a reconciliation.

Impacts

Impact on Central Systems and Process	
Central System/Process	Potential impact
UK Link	<ul style="list-style-type: none"><u>Given discussion to date, it is anticipated that the UK Link system would need to be modified to:</u><ul style="list-style-type: none"><u>a) record the status of a site as vacant</u><u>b) process the consequences of the status .</u>
Operational Processes	<ul style="list-style-type: none">Improved clarity in relation to vacant site arrangements

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"><u>Users would need to put in place processes to record a site entering, remaining, and exiting vacant status.</u><u>Users would need to put in place a process to gather and manage information relating to a vacant site from their suppliers and / or meter reading agencies.</u><u>CDSP would require new operational processes for managing vacant sites.</u>
Development, capital and operating costs	<ul style="list-style-type: none"><u>Cost would be incurred but these have not been quantified at this stage.</u>
Contractual risks	<ul style="list-style-type: none">None Identified
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none">Improved clarity in relation to settlement arrangements and improved clarity in relation to settlement accuracy.

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

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

Impact on Code	
Code section	Potential impact
	<ul style="list-style-type: none"> To be determined <u>during Modification development</u>

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"> None identified
General	Potential Impact
Legal Text Guidance Document	<ul style="list-style-type: none"> None identified
UNC Modification Proposals – Guidance for Proposers	<ul style="list-style-type: none"> None identified
<u>Self-Governance</u> Guidance	<ul style="list-style-type: none"> None identified
TPD	Potential Impact: <u>During discussions relating the Vacant status classification, it was suggested that a new “user guide” to vacant classification may help with the application of</u>

Impact on UNC Related Documents and Other Referenced Documents	
	<u>the proposed rules.</u>
Network Code Operations Reporting Manual (TPD V12)	• None identified
UNC Data Dictionary	• None identified
AQ Validation Rules (TPD V12)	• None identified
AUGE Framework Document	• None identified
Customer Settlement Error Claims Process	• None identified
Demand Estimation Methodology	• None identified
Energy Balancing Credit Rules (TPD X2.1)	• None identified
Energy Settlement Performance Assurance Regime	• <u>During discussions it was suggest that PAC should have PARR reporting available to it the monitor user activity.</u>
Guidelines to optimise the use of AQ amendment system capacity	• None identified
Guidelines for Sub-Deduct Arrangements (Prime and Sub-deduct Meter Points)	• None identified
LDZ Shrinkage Adjustment Methodology	• None identified
Performance Assurance Report Register	• <u>PAC may require new reporting to monitor activity.</u>
Shares Supply Meter Points Guide and Procedures	• None identified
Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency	• None identified
Standards of Service Query Management Operational Guidelines	• None identified
Network Code Validation Rules	• None identified
OAD	Potential Impact
Measurement Error Notification Guidelines (TPD V12)	• None identified
EID	Potential Impact
Moffat Designated Arrangements	• None identified
IGTAD	Potential Impact
DSC / CDSP	Potential Impact
Change Management Procedures	• None identified

Impact on UNC Related Documents and Other Referenced Documents	
Contract Management Procedures	<ul style="list-style-type: none"> None identified
Credit Policy	<ul style="list-style-type: none"> None identified
Credit Rules	<ul style="list-style-type: none"> None identified
UK Link Manual	<ul style="list-style-type: none"> <u>As system changes are anticipate, amendment to manual likely</u>

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"> None identified
Gas Transporter Licence	<ul style="list-style-type: none"> None identified

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

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

Workgroup's Recommendation to Panel

The Workgroup asks Panel to consider the development work done to date in this Request Workgroup and:

- Approve the closure of the Workgroup and proceed with a Modification Proposal

Appendix: Draft Business Rules

As presented and discussed at the Workgroup Meeting on 29 June 2022 and may not be the same as those found in any subsequent modification

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

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

1. Site is non-consuming
 - a. To the best of the Shipper's knowledge the site is non-consuming
2. Site is Live
3. Site is in the Shippers Ownership
4. Site is Product Class 4
 - a. Annually or Monthly Read (MRF)
 - b. Small Supply Point (SSP) or Large Supply Point (LSP)
 - c. Independent Gas Transporter (IGT) or Gas Transporter (GT)
 - d. Non-SMETS or AMR Meter (Standard Meter)
 - e. SMETS Meter with a Non-Active DCC Flag
 - f. Non-active AMR Meter
5. Site is Unoccupied
 - a. Property is not currently being used as a dwelling
 - b. Property is not currently being used as a place of business
6. 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 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 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 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 causes).

Maintain Vacant Status

For a site to remain Vacant, Shippers must be able to demonstrate the meter reader 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 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. At the request of the Shipper
2. Site is no longer in the Shippers Ownership (CoS)
3. Supplier of Last Resort (SoLR) event has taken place
4. AQ Correction has been completed
5. Read is submitted into UK Link
6. 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.

Capacity Relief

The CDSP will remove the Vacant Status and reinstate the pre-Vacant sites Rolling and Fixed Year AQ.

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.

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.