

# Rough Order of Magnitude (ROM) Analysis

for

## Modification Proposal 0282 - Introduction of a process to manage Vacant sites

Version 1.0

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<b>ROM Request received:</b>	
<b>ROM provided:</b>	25 <sup>th</sup> November

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*This ROM Analysis has been prepared in good faith but by its very nature is only able to contain indicative information and estimates (including without limitation those of time, resource and cost) based on the circumstances known t at the time of its preparation. No representations of accuracy or completeness are included and any representations as may be implied are expressly excluded (except always for fraudulent misrepresentation).*

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## **Change driver / origin**

Modification Proposal 282 proposes that a new process be established under the UNC, where a Shipper can reduce their cost exposure to vacant sites, through a process similar to that which exists in the electricity market. It is intended at this time that the Vacants process, if implemented, be applied to sites with an Annual Quantity of <73,200kWh. Discussions within the Distribution Workstream to develop a solution to include DM and NDM LSP sites have highlighted a number of areas of concern and as such may require detailed business rules in order to deliver a Vacants solution. In order to expedite the development and delivery of a workable approach for dealing with Vacants within the NDM SSP market sector, this Proposal as been amended to exclude NDM LSP and DM sites at this time.

It is proposed that a site classified as Vacant would be excluded from commodity charging. For the avoidance of doubt, capacity charging would be retained (LDZ Capacity (ZCA), Customer Capacity (CCA), NTS Exit (NNX)). Shippers/Suppliers would continue to apply the isolation and withdrawal process where is deemed appropriate.

This ROM has been developed on the Business Rules dated 28 September as shown on the Joint Office website:

[http://www.gasgovernance.co.uk/sites/default/files/28%20September%202010%20UNC%20Business%20Rules%20\(2\).pdf](http://www.gasgovernance.co.uk/sites/default/files/28%20September%202010%20UNC%20Business%20Rules%20(2).pdf)

## **Analysis**

Analysis has been based upon the business rules detailed below as provided by the proposer.

### **Summary of Business Rules:**

1. A Registered User will notify the Transporter, via the appropriate file format, of NDM SSP sites (in their ownership) which are Vacant;
2. The Transporter will amend the Supply Point Register to show the NDM SSP as Vacant;
3. After 7 days of the flag being set, Commodity charging will cease and the NDM SSP will be excluded from RbD;
4. Whilst flagged as Vacant, the NDM SSP will remain in the AQ Review process;
5. The Registered User will notify the Transporter, via the appropriate file format, where the NDM SSP no longer qualifies as Vacant;
6. The Transporter will amend the Supply Point Register accordingly;
7. After 7 days of the flag being removed, Commodity charging will re-commence and the NDM SSP included in RbD;
8. Where the AQ is increased above the LSP threshold, the Vacant flag will be removed from the revised AQ effective date (e.g. 1<sup>st</sup> October) and the Registered User notified;
9. Where a site is flagged as Vacant and there is a transfer of ownership, the Vacant flag will be removed;
10. Meter Reads submitted by the Registered User for a Vacant NDM SSP will be checked for energy consumption (to monitor Vacant status);
11. The Transporter will notify the Registered User of Vacant sites which it identifies as consuming gas;
12. Where there is evidence of gas being offtaken, the Registered User must remove the NDM SSP from the Vacants process;

## **ROM Costs & Timescales**

**Note: ROM information is not based on any formal systems analysis.**

**Estimated costs:**

### System analysis, design, development and implementation

The solution will cost at least **£520k**, but probably not more than **£672k**

The solution requires a new flag on the system to record the vacancy status, this flag will be used to drive the resultant business rules. A file format on which to receive and acknowledge the Vacant status will be required. Any files will be subject to validation rules, these validation rules will be based upon the Business Rules in the modification proposal.

To manage the Vacant status (and any changes) and to cease the energy and transportation costs the following systems will be impacted to a greater or lesser extent:

- supply point administration
- ndm meter reading
- invoicing
- Gemini
- Metering
- AQ

The following are the activities that are in scope of this estimate for all options:

- Perform Analysis for the new / modified processes.
- Technical Design
- Coding and Unit Testing
- System Test Cases
- System Testing
- Performance Testing
- User Acceptance Testing
- Support Shipper Testing
- Production Implementation of the changes.
- Post-Implementation Support.

### Ongoing costs

It is anticipated that there will be additional operational costs associated with managing the systems support processes and operational activities to manage the process. For example, the business rules include the provision of a report to the industry, there will be additional invoice validation routines and other manual activities associated with managing the service. At this point in the modification process it is not proposed that an ongoing service charge is developed as there are still many unknowns, for example take-up of the service etc. However, should it become apparent that costs are required to be recovered from a User Pays service charge a modification to the Agency Charging Statement will be proposed.

On-going annual costs for producing and validating the monthly shipper summary report will cost at least **£800**, but probably not more than **£1200**, per shipper short code (Business Rule – Reporting)

The invoicing activity to recover relevant charges where it is identified by the Transporter that the supply point is not longer vacant will cost at least **£200**, but probably not more than **£400**, in addition to the relevant transportation charges for the incorrect Vacant period (Business Rule 14). The activities involved include obtaining the data for the adjustment period, adjustment calculation sign-off, invoicing and supporting back-up information.

### **Estimated duration:**

- The Analysis Phase, will take at least **15 weeks**, but probably not more than **20 weeks**
- Delivery; including detailed design and development, testing and post implementation support; will take at least **34 weeks**, but probably not more than **38 weeks**

The total of for the project is therefore in the range of **49-58 weeks**.

## **Assumptions**

- The Registered User is responsible for setting/removing the Vacant Flag. However, xoserve will remove the Vacant Flag in the event of; [1] Shipper Transfer; [2] AQ crosses threshold ( $\geq 73,200\text{kWh}$ ) to Large Supply Point (LSP); [3] Shipper submits RGMA flow for Isolation, as defined in the Business Rules
- At implementation, Shippers will submit requests to set the Vacant Flag at an agreed pace to avoid the need for performance enhancement costs
- The process to check for consumption at a Vacant site will be run on a monthly basis with reports issued to applicable Shippers on an exceptional basis

## **Concerns**

### **Service Levels**

The modification proposal includes information that there are an estimated 700,000 vacant homes, of which 300,000 have been vacant for more than 6 months. There is concern at the rate at which the requests for setting the Vacant Flag could be submitted at the point of system implementation, there is an assumption that an agreed submission rate can be agreed with the industry.

### **Business Rules:**

Non identified at this stage

Note: the concerns above are those identified to date based upon the stated requirements. Detailed analysis may identify more topics to be considered, as would changes to the current stated requirements.

## **Impacts**

### **xoserve:**

- xoserve may require additional Invoicing and Energy Balancing verification processes
- xoserve to provide reports to Shippers and Ofgem
- xoserve to notify Shippers where consumption has been detected on a site flagged as vacant

xoserve will need to manage delivery of the report(s) via IX in a way that does not impact on delivery of non critical data as part of delivering ASA services

### **Networks:**

- Notify Users where occupancy has been observed at a site flagged as vacant

## **Shippers**

Shipper Impacts:

- File changes (probably RGMA)
- Receive and act on notifications of occupancy and/or consumption

## **Ofgem**

Review reports of Shipper behaviour

Note: the impacts above are those identified to date, they do not represent a complete list of impacts