

Introduction of a process to manage Long Term Vacant sites

UNC0282 Minutes

10:00 Wednesday 28 April 2010

Renewal Centre, Lode Lane, Solihull

Attendees

Bob Fletcher (Chair)	BF	Joint Office
Helen Cuin (Secretary)	HC	Joint Office
Alison Jennings	AJ	xoserve
Bali Dohel	BDo	Scotia Gas Networks
Chris Hill (teleconference)	CH	RWE npower
Darren Lindsey	DL	E.ON UK
David Watson	DW	British Gas
Elaine Carr	EC	Scottish Power
Joanna Ferguson	JF	Northern Gas Networks
Karen Kennedy	KK	Scottish Power
Linda Whitcroft	LW	xoserve
Mark Jones (teleconference)	MJ	SSE
Matt Osborne	MO	Ofgem
Phil Lucas	PL	National Grid Distribution
Richard Dutton	RD	Total
Stefan Leedham	SL	EDF Energy
Steve Mulinganie	SM	Gazprom

1. Introduction and Status Review

1.1. Minutes from the previous Distribution Workstream meeting

The group considered the minutes from the previous Distribution Workstream meeting.

1.2. Review of actions from previous Distribution Workstream meetings

Action Dis0301: AW to confirm the level of take up on the Electricity's Vacant Site Process.

Action Update: Andrew Wright had confirmed that the BSC Auditor has assessed that 30,000 to 50,000 sites that are currently Long Term Vacant. That is out of a total of 29,445,642 Non Half Hourly electricity sites in Great Britain. That is between 0.10% and 0.17% of the total. However he has been unable to ascertain the number of Suppliers that use the process, if this information is still required the BSC Auditor can be asked to investigate this further. Some discussion took place around the figures provided KK confirmed that she would consider the information provided and contact Andrew Wright about the number of Suppliers using the process. **Carried Forward.**

Action Dis0302: AW to provide information on the number of vacant sites and the typical vacant period within the Electricity market.

Action Update: Andrew Wright confirmed that unfortunately Elexon do not have any details on the churn (vacant site period) of the Long Term Vacant process. However if this information is required it may be possible to get some indication from the Suppliers. SM questioned the inability to obtain this information from the use of a flag. KK confirmed that she would

consider the information provided and contact Andrew Wright. **Carried Forward.**

Action Dis0303: AW to provide some details on the de-energising process and timescales.

Action Update: Andrew Wright confirmed that the de-energisation process allows 10 Working Days between the Supplier sending a de-energisation request to the Non Half Hourly Meter Operator Agent (NHHMOA), and the NHHMOA de-energising the metering system. However working groups have looked at this and it is known that it does not always run to the specified time period. KK confirmed that she would consider the information provided and contact Andrew Wright. **Carried Forward.**

Action Dis0304: Shippers/Suppliers to confirm if there is a specific Safety Case.

Action Update: SL confirmed as a Gas Shipper and a Gas Supplier there is no requirement to submit a safety case to the HSE this is because they are a service provider opposed to an asset provider. He confirmed that that there are safety requirements under license agreements but not a specific requirement to submit a safety case. **Complete.**

Action Dis0401: Joint Office to request an extension for UNC0282 until August.

Action Update: BF confirmed that this had been added to the next Panel Agenda. **Complete.**

Action 0282 001: BD to gather references to the legislation in reference to E.ON's internal legal opinion on the gaining of warrants to access vacant premises on safety.

Action Update: Brian Durber had confirmed that a note is to be drafted. **Carried Forward.**

Post Meeting Note

In relation to the gas escape, you would have to obtain a warrant on safety grounds and would then only be able to disconnect if the engineer attending to inspect the meter believed that there was likely to be a potentially dangerous situation so as to justify the disconnection of the meter. There are no provisions in the act for you to apply to disconnect the meter on safety grounds - only inspect the meter on safety grounds and then disconnect if sufficient justification. I think you will have difficulties in most cases in providing sufficient justification to actually disconnect the meter - and in any event, this could be open to legal challenge. For example, owner finds out you have disconnected when warrant was for inspection on safety grounds. Can't provide sufficient justification to show actions lawful - have to reconnect and also incur costs of obtaining the warrant and subsequent disconnection and reconnection plus any loss owner has suffered.

NB. where the word 'you' is used this means the person seeking the warrant and subsequently disconnecting the meter. References to the 'act' mean the Gas Act, relevant sections contained within Schedule 2B.

Schedule 2(B) of the Gas Act :

Section 21 Suspected escapes of Gas & Section 22 Entry for preventing escapes of Gas – Gas transporter can take any steps necessary to avert danger to life or property – must have reasonable cause to suspect and can carry out work necessary to avert danger to life and property (hence need to have the reasonable grounds to obtain the warrant in the first place and then can only undertake work that is necessary)

Section 23 Gas transporter & Supplier can enter premises to inspect fittings – no right to enter, inspect and disconnect and therefore would have to have good grounds to disconnect if warrant obtained under this section.

Also Section 28(b) – obligates transporter/shipper to pay compensation for any damage caused in exercising the powers under the schedule.

2. Review Group Discussion

2.1. Vacant Site Process Options

KK provided a presentation giving the background to the proposal; she explained that there are approximately 700k homes unoccupied, 300k of which were vacant for more than 6 months within the Electricity market. LW pointed out that not all sites have access to gas as they do for electricity. It was considered prudent to ascertain how many sites could consume gas.

JF confirmed that from the figures Northern Gas Networks estimated (with some high level assumptions), 82% of homes would have access to gas. She anticipated if this process was established there is likely to be a need to initiate a price change.

Action 0282 002: JF to use NGN statistical assumptions for all Networks to estimate the number of unoccupied and vacant sites with a gas supply.

BDo questioned a point made in the presentation that a Shipper cannot gain access to a site to obtain meter readings and therefore amend the AQ. BDo advised a Shipper can choose to isolation / withdrawal which will remove any charges.

AJ challenged why a Shipper would not want to invoke the isolation and withdrawal process, KK explained that is due to cost, possible inconvenience for new site occupants and the associated reconciliation process. RD challenged why a Shipper would want to incur the cost implications of isolating and withdrawing from a site that may be re-occupied within a reasonable period of time. AJ suggested that isolation need not involve the removal of a meter, explaining that a meter can be clamped but RD explained that there is still a cost implication associated with clamping or using a similar method to achieve isolation.

LW asked how a Shipper would determine that a site is vacant or a consumer is not at home at the time the read attempts are made. RD explained other indications are used such as a property boarded up or a To Let sign is visible. KK explained non-contact and non payment of invoices can also suggest a site is not occupied.

SM was concerned about the controls and that only genuine sites should be moved into the process. DW also expressed a need for controls to ensure inappropriate costs are not incurred.

GSMR was considered it was acknowledged that this is a legal process to make a site safe when a meter has been removed.

AJ questioned how long a site would be left vacant before further action is taken. She also wanted to understand what the obligations would be for the supplier whilst a site is vacant.

It was initially thought that the Shipper would still incur the costs for meter rental, with commodity charges being avoided. However RD disagreed with this assumption and he wished to consider the ability to avoid Transporter energy and capacity charges. SM understood from previous discussions that if the right to capacity was retained this will need to be paid for. It was

agreed that the consideration for removing capacity and energy charges was within scope.

JF highlighted that if Shippers are relinquishing all rights to capacity then shippers must be prepared to apply for the capacity and possibly pay for reinstatement. This brought into question why Shippers would not want to isolate and withdraw to avoid capacity and commodity charges. RD reiterated the reasons for not wanting to isolate and withdraw and the risk was a commercial decision made by the Shipper.

MO believed it was a proactive approach to release capacity and that this was in the interest of competition. However, it was also noted that this can be achieved through the use of the isolation and withdrawal process.

DW asked about SSP sites and availability of capacity when a new consumer has moved in. DW pointed out that suppliers may not be aware that a customer is moving into a property until there is a need for a gas supply.

It was agreed to consider the impacts of removing capacity charges.

Action 0282 003: All to consider the impacts of removing capacity rights and charges.

KK questioned if the AQ should be set to 1 or could there be another mechanism to take a site out of settlement.

It was also considered if DM/DME sites were within scope. It was acknowledged that DM and DME sites would provide an indication of zero consumption by provision of read information.

Action 0282 004: SM to ascertain how DM sites could be managed when there is zero consumption and how this would fit into the vacant site process, and what benefits could be achieved accessing the process.

JF questioned if the process was for sites where a read is not obtainable. Consideration was given to DM sites where reads have not been collected, where faulty equipment could result in "no read" status, it doesn't mean a site is vacant.

The period for determining a vacant site and monitoring intervals was considered. The RVV02 flow indicates no access and the code E126 indicates a vacant site. RD questioned if two RVV02 flows or just one flow is enough to consider if a site is vacant. SL suggested a Shipper could target a site following a RVV02 or E126 flow to understand if it is likely to fall into the vacant sites process.

It was agreed that the exit and entry rules for the process needed to be established. In particular LW asked what would happen if a site is reoccupied or supplier changed but was flagged vacant. EC explained that a vacant site needs to be monitored and in this instance the flag would need to be removed. LW asked if this would then be classed as a no access.

LW asked about the change of supplier process when there is a LTV flag. SL believed the existing change of supplier process would pick up a site is no longer vacant. JF asked if there would be a need by the system to provide a closing read to enter into the LTV scheme, even if this is an estimate. LW asked about how the LTV flag would work and that this would be a new concept. KK suggested the flag would stop relevant charges i.e. capacity and commodity and consideration should be given to changing the AQ to 1.

SL reiterated EDF's perspective that they would like to avoid commodity and that he would rather see a modification implemented on commodity rather than it failing by attempting to remove both commodity and capacity. The use of alternates was considered. RD stressed from an I&C perspective they would want to avoid commodity and capacity.

Warrants were considered and the ability to remove a meter if a site is inspected for safety reasons under a warrant. It was previously suggested that if a site appears safe then it was not possible to take the meter out. It was considered that it could be capped.

SM explained that there are reasons for keeping a site pressurised with gas as if a site loses pressure beyond the meter following capping, it has to be recertified to current standards before it can be re-commissioned which can be costly.

The attendees believed that a strawman with Business Rules is now required for further consideration

Action 0282 005: KK to produce a strawman and Business Rules for consideration at the next meeting.

It was considered that an audit process should be considered to ensure appropriate use of LTVs. KK envisaged a process similar to that of the AQ Review Process, which provided visibility. LW highlighted that xoserve could provide details of activity but would not be in a position to challenge the information.

AJ asked if consideration had been given to the must read process. DW did not see the obligations being removed. SM questioned the point of enacting the must read process for a site that is marked as LTV.

SM questioned the isolation of a LTV and denying the right to supply. It was confirmed that an isolation and withdrawal is normally undertaken for sites from a customer request, demolition or re-development. It was questioned how long a site can remain LTV before it should be isolated and withdrawn.

KK highlighted that whilst a meter is in place costs will be levied to Shippers, therefore they will want to consider how long they retain the site with meter charges against reverting to isolation and withdrawal. LW questioned the balance of costs when a new occupier may want to stay with their previous supplier and that charges may have been paid for a site, which will then be lost to the incumbent supplier. SL and DW explained some customers never seek to change supplier and will stay with the supplier assigned to a site.

It was envisaged that there would not be any backdating of the LTV status. It would be from the point the site entered into the LTV process should the proposal be implemented. It was also considered whether charges would be removed from the point notification or the 1st of the following month. It was agreed that this needed further consideration.

3. AOB

None.

4. Diary Planning for Workstream

Monday 24 May 2010, 10:00, Renewal Conference Centre, Lode Lane, Solihull, B91 2JR.

UNC0282 Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0301	25/03/10	2.1	UNC0282 - AW to confirm the level of take up on the Electricity's Vacant Site Process.	Elexon (AW) KK to seek further updates	Carried Forward
Dis0302	25/03/10	2.1	UNC0282 - AW to provide information on the number of vacant sites and the typical vacant period within the Electricity market.	Elexon (AW) KK to seek further updates	Carried Forward
Dis0303	25/03/10	2.1	UNC0282 - AW to provide some details on the de-energising process and timescales.	Elexon (AW) KK to seek further updates	Carried Forward
Dis0304	25/03/10	2.1	UNC0282 - Shippers/Suppliers to confirm if there is a specific Safety Case.	Shippers/Suppliers	Complete
Dis0401	22/04/10	1.3	Joint Office to request an extension for UNC0282 until August.	Joint Office (BF/HC)	Complete
0282 001	28/04/10	2.3	BD to gather references to the legislation in reference to E.ON's internal legal opinion on the gaining of warrants to access vacant premises on safety.	E.ON UK (BD)	Pending Post Meeting Update Provided
0282 002	28/04/10	2.1	JF to use NGN statistical assumptions for all Networks to estimate the number of unoccupied and vacant sites with a gas supply.	Northern Gas Networks (JF)	Pending
0282 003	28/04/10	2.1	All to consider the impacts of removing capacity rights and charges.	All	Pending
0282 004	28/04/10	2.1	SM to ascertain how DM sites could be managed when there is zero consumption and how this would fit into the vacant site process, and	Gazprom (SM)	Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			what benefits could be achieved accessing the process.		
0282 005	28/04/10	2.1	KK to produce a strawman and Business Rules for consideration at the next meeting.	Scottish Power (KK)	Pending