

Introduction of a process to manage Long Term Vacant sites
UNC0282 Minutes
10:30 Tuesday 29 June 2010
Renewal Centre, Lode Lane, Solihull

Attendees

Bob Fletcher (Chair)	BF	Joint Office
Helen Cuin (Secretary)	HC	Joint Office
Alan Raper	AR	National Grid Distribution
Alison Jennings	AJ	xoserve
Bali Dohel	BD	Scotia Gas Networks
Chris Hill	CH	First Utility
Chris Warner	CW	National Grid Distribution
Dave Watson (teleconference)	DW	British Gas
Elaine Carr	EC	Scottish Power
Gareth Evans	GE	Waterswye
Joanna Ferguson	JF	Northern Gas Networks
Joel Martin	JM	Scotia Gas Networks
Karen Kennedy	KK	Scottish Power
Linda Whitcroft	LW	xoserve
Marie Clark	MC	Scottish Power
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy
Steve Mulinganie	SM	Gazprom
Tabish Khan	TK	Ofgem
Trish Moody	TM	xoserve

1. Introduction and Status Review

1.1. Minutes from the previous Distribution Workstream meeting

The minutes from the previous were approved.

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: EC confirmed that the information provided by Andrew Wright, Elexon is being considered and an update will be provided as soon as possible. **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: EC confirmed that the information provided by Andrew Wright, Elexon is being considered and an update will be provided as soon as possible. **Carried Forward.**

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

Action Update: **Action Update:** EC confirmed that the information provided by Andrew Wright, Elexon is being considered and an update will be provided as soon as possible. **Carried Forward.**

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.

Action Update: JF provided a presentation on the possible proportion of vacant sites. The presentation included a price and volume assumptions and a financial impact if there was a 100% take up of the 300,000 sites that could be vacant for more than 6 months. **Complete.**

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

Action Update: SL believed that further consideration was required for reconnections and capacity rights. **Ongoing.**

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.

Action Update: SM advised of a consideration within the Irish market with a similar issue relating to exclusions of DM sites. He confirmed that a decision is due from the Ireland regulator, which may help inform the group. MC questioned the inclusion of DN, SM reiterated his previous concerns that the product should be made available to all customers. He reiterated his intention to raising an alternate modification to include the DN market as all parties should be able to access new products fairly and equally. KK requested a view from Ofgem's. Meanwhile KK was keen to progress with the modification for the NDM market. **Carried Forward.**

New Action 0282 004b: Ofgem to provide a view on the exclusion of the DM market from the LTV scheme.

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

Action Update: EC confirmed that an initial Strawman had been developed for the meeting. However this action was carried forward for ongoing discussion. **Carried Forward.**

Action 0282 006: xoserve to consider the system implications of excluding LTV sites from the AQ Review Process.

Action Update: LW confirmed that this would be considered within the ROM. However xoserve need to understand the Business Rules a little better to understand the possible system implications. **Carried Forward.**

2. Review Group Discussion

2.1. Strawman

EC provided a presentation on the scope of the vacant sites process for small and large NDM supply points.

DW questioned why capacity was included. KK explained that the capacity is a significant proportion of the cost domestic consumers. She challenged if there is an ability to reduce an AQ why shouldn't capacity charges be avoided.

The concept of losing capacity was reconsidered. DW believed it is too erroneous to avoid capacity charges especially if a meter is being left on site with the ability for a customer to re-occupy and take gas.

CW highlighted an issue raised by Ofgem within the UNC0275 decision letter about the issue of user commitment to capacity for sites. He suggested the proposer should consider these comments.

CW also highlighted that, as there will still be a live service Transporters will be obliged to provide an emergency service. SM challenged that Transporters provide an emergency service nationally, regardless if there is a connected service pipe. However, ST explained that the emergency service is funded by an element of capacity charges and if these are avoided, the costs will have to be obtained elsewhere and this would result in a cross subsidy.

Action 0282 007: Examine the decisions letter on UNC0275 and the elements on capacity to test the area around user commitment.

EC confirmed that the initiation of the Vacant Status will be made when 2 visits have been made with a minimum of 75 days and the MRA have reported a vacant site. EC explained that this is a separate classification to no access. The site has to be unoccupied.

JM asked what are the guidelines for the MRA to deem a property vacant. EC confirmed that she should lift this information and provide this. EC explained that the Supplier will also have to undertake checks and a certain criteria will have to be met to warrant a site being classified as vacant.

AJ asked at what point would the site be registered as vacant. EC suggested that this could be the date of the second visit. Consideration was given to applying retrospective dates.

CW was keen not to dictate to xoserve the solution to achieve the stopping of charges. EC explained that the modification suggests that the charges would stop from a day set in the following month for example 1st of the month. TM explained that they need to be mindful of the effect on Gemini and this is likely to limit solutions. SM believed that the business rules need to be clear about retrospective charges. TM explained that if the current functionality is retained it will reduce the costs of the solution. EC explained that the LTV status would have to be notified every 3 months otherwise the site would automatically be removed from LTV status. JM asked about the reinstatement of sites and how long a site could be occupied before it has been identified as re-occupied and when the charges would be re-instated. The group discussed the reconciliation process if a incrementally higher gas meter read is obtained from an LTV site when it is not clear when the site was re-occupied. KK explained the liability of gas consumption would be picked up by the existing Supplier. JM challenged that if a meter has moved on there is no way to charge back for the capacity used as it is driven by contract commencement date. TM suggested an offline process could be managed to charge for capacity in instances where an LTV site has dropped out of the process due to an advanced meter read.

EC explained that the alignment to days had been set up similar to that used in the electricity market, which would assist Suppliers with dual fuel sites.

SM suggested not setting a window for Vacant Site retention and that it may be better referring to a minimum period only. He believed 215 days might be a little too long to leave a site without monitoring.

CH asked what would happen after 365 days, is a site is classified as LTV. It was agreed to reconsider the Business Rules following the discussions held.

EC explained what would trigger a site for dropping out of the LTV process, this included notification the site was no longer vacant, Suppliers not providing an update, the transfer of supplier and after a period of 24 months the site would automatically be set to live. On all cases it was anticipated that the AQ would revert back to pre-vacant value and charges reinstated. Alternatively the Shipper could isolate and withdrawn.

CW was concerned about the Transporters being responsible for the commencing Transportation charges and that Shippers should be aware that charges may be reinstated.

JM expressed concern about reinstating the capacity for LSP sites that may require a check to ensure the capacity is still available through the sites works process. Simply allowing the consumption of gas may put the system at risk. It was suggested that if site was previously above 732,000 kWhs, an assessment needs to be made. A reference to G5.6.2 and 5.6.5 for capacity increases was made. The split of sites above and below 732,000kWh was considered. JM explained that if AQs were reduced to 1 or 0, all sites would be classified as below and would make assessments difficult.

EC questioned the re-occupancy of a site and gas being offtaken without notification. SM explained that there are processes to address gas offtaken without appropriate gas supply contracts.

AJ asked if vacant sites would still have to remain in the must read process and what would happen if a LTV site requires a must read. It was recognised due to access issues a must read may fail. AJ suggested it may be possible that more sites will fall into the must read process due to the provision or inability to provide a reads due to access reasons.

A timeline was provided by EC with her presentation. LW asked about the provision of meter reads that confirm no consumption, she suggested the provided timeline needs to be adjusted to take this into account.

It was questioned what would happen if a meter exchange takes place and if the site would automatically reset to live. SM suggested that a meter exchange in its self might not result in the consumption of gas. If any read indicates consumption the site will be reinstated.

CW suggested if access is possible and the site is known to be vacant, the ECV could be clamped and isolated and withdrawal could take place. SL explained that the removal of clamps is costly and time consuming. He explained that customers expect instant access to a gas and electricity supply when they are occupying a site. The commercial decision to retaining a vacant site was discussed. It was highlighted that some customers will stay with the existing supplier and that this provided an incentive to retain sites. CW challenged that customers would in fact contact their existing supplier when occupying a new address.

MC enquired about Ofgem's role if instances of misuse of the service were flagged to them.

JM asked about the use of emergency contact information and the possible removal. JM explained that sites above 732,000 Kwh must have emergency contacts details; he suggested that these contact details could be used in an attempt to contact to the customer. JF suggested if a site falls into this category extra protection/checks might need to be built in to secure contact details for the site. It was agreed that sites need to be considered in terms of Section Q and emergency contacts. LW asked about the capacity for these sites due to its potential consumption.

A discussion took place on the prevention of re-entering the vacant site process once a site has been classified as vacant for a consecutive period of 24 months.

EC highlighted that a site could be withdrawn from LTV process for 3 months to avoid re-instatement problems. SL suggested a site could be dropped in and out the process to avoid complications.

EC believed that the majority of sites would be isolated and withdrawn after 24 months however a choice can be made for flexibility if a site is likely to be re-occupied.

2.2. Business Rules

EC asked for all to comment on the business rules in preparation for the next meeting.

2.3. Safety Implications

EC asked about the safety implications and explained why an end date had been considered in terms of safety.

JM explained the pipeline safety regulations and gas safety and utilisation regulations, for decommissioning of pipelines no longer used. He believed that the pipelines safety regulations would need to be looked at again because Transporters would have more information that could be acted upon. Consideration will have to be given as to whether this will have an impact. He suggested that the Transporters may want to approach the HSE to explain how they will manage the access to additional information and possible change in the safety case to include LTV sites. CW suggested that consideration is given to what the risks are of increasing the unallocated energy. SM challenged that these sites already exist and that there is no evidence of problems. However the Transporters believed they would have to consider how to act upon the provision of additional information in relation to safety.

JM suggested the change could result in less isolation and withdrawals taking place. However, SM challenged that sites can be isolated now under the current regime and believed there wouldn't be fewer isolations, he was not aware of any sites processed for an isolation and withdrawal due to the site being vacant. Currently sites are just left as live.

ST believed that sites left vacant are more liable to vandalism, interference and damage than an occupied site and that the safety implications need to be considered.

SM believed that the proposed process does not reduce safety. However, ST and JM believed that the potential for less isolation and withdrawals needs consideration.

SL highlighted that not all sites isolated and withdrawn are vacant, some sites are isolated and withdrawn due to customers not wanting to use the gas supply.

The Transporters and Shippers discussed the reinstatement of sites following an isolation and withdrawal. Shippers explained that they wish to avoid dissatisfied customers that have moved into a property without a gas supply. AR explained that ECV clamps could be removed easily on the day a customer moves in. However, a customer may not be aware a gas supply needs to be restored.

Action 0282 008: JM to ascertain if data is collected on the percentage of gas safety cut offs made due to a site falling vacant.

2.4. Risks to the RbD Market

The triggers to exit the scheme were reconsidered. It was then considered what would happen if a site that exited the programme because it was an LTV for 24 months.

It was questioned what would trigger a reconciliation and restart charges. What read would be used if a site is re-instated after 24 months but no consumption. It was suggested that the last read obtained would be used to confirm no consumption.

KK highlighted consideration needs to be given to the deeming of gas.

It was suggested that the different scenarios should be considered with xoserve.

Action 0282 0009: KK and LW to ascertain the different scenarios for restarting charges if site starts using gas when classified as LTV.

It was also agreed that the impacts need to be understood along with the need to look at the solution and if it is AQ driven, what system changes would be needed.

LW believed that a Rules analysis and a Detailed Cost Analysis (DCA) might be required opposed to a ROM to consider the solutions.

Action 0282 0010: KK and LW to assess the possible solutions for developing and implementing the LTV process.

3. AOB

None.

4. Diary Planning for Workstream

It was agreed that the next meeting should consider the following aspects of the proposal:

- business rules;
- safety implications;
- cost vs benefits;
- risks to the RbD market.

Tuesday 27 July 2010, 10:30, 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
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)	Complete
0282 003	28/04/10	2.1	All to consider the impacts of removing capacity rights and charges.	All	Ongoing
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 what benefits could be achieved accessing the process.	Gazprom (SM)	Carried Forward
0282 0004b	29/06/10	1.2	Ofgem to provide a view on the exclusion of the DM market from the LTV scheme.	Ofgem (AW)	Pending
0282 005	28/04/10	2.1	Produce a strawman and Business Rules for consideration at the next meeting.	Scottish Power (KK)	Carried Forward
0282 006	24/05/10	2.1	xoserve to consider the system implications of	xoserve (LW)	Carried Forward

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			excluding LTV sites from the AQ Review Process.		
0282 007	29/06/10	2.1	Examine the decisions letter on UNC0275 and the elements on capacity to test the area around user commitment.	Scottish Power (KK)	Pending
0282 008	29/06/10	2.3	JM to ascertain if data is collected on the percentage of gas safety cut offs made to vacant properties.	Scotia Gas Networks (JM)	Pending
0282 009	29/06/10	2.4	KK and LW to ascertain the different scenarios for restarting charges if site starts using gas when classified as LTV.	Scottish Power (KK) and xoserve (LW)	Pending
0282 010	29/06/10	2.4	KK and LW to assess the possible solutions for developing and implementing the LTV process.	Scottish Power (KK) and xoserve (LW)	Pending