










| UNC Workgroup Report | At what stage is this document in the process? |
|---|--|
| <h1 data-bbox="132 320 657 412">UNC 0819:</h1> <h2 data-bbox="132 448 1182 584">Establishing/Amending a Gas Vacant Site Process</h2> | <div data-bbox="1209 309 1468 622"> <div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div> </div> |
| <p>Purpose of Modification:</p> <p>This Modification seeks to provide Shippers with the ability to effectively manage their Settlement Performance Obligations and Transportation Costs for Vacant sites.</p> <p>Next Steps:</p> <p>The Workgroup recommends that this modification should not be subject to Self-Governance. The Workgroup recommends that this modification should be sent back to Workgroup for further consideration.</p> <p>The Panel will consider this Workgroup Report on 18 May 2023. The Panel will consider the recommendations and determine the appropriate next steps.</p> | |
| <p>Impacted Parties:</p> <p>High: Shippers and Suppliers</p> <p>Low: Distribution Network Operators, Independent Gas Transporters and Consumers</p> <p>None: NTS</p> | |
| <p>Impacted Codes:</p> <p>Uniform Network Code (UNC) and Independent Gas Transporters UNC</p> | |

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| Timetable | | Transporter: Gurvinder Dosanjh Cadent | |
| Modification timetable: | |  Gurvinder.Dosanjh@cadentgas.com | |
| Pre-Modification Discussed at final 0783R workgroup | 12 July 2022 |  07773 151572 | |
| Date Modification Raised | 01 September 2022 | Systems Provider: Xoserve | |
| New Modification to be considered by Panel | 15 September 2022 |  UKLink@xoserve.com | |
| First Workgroup Meeting | 22 September 2022 | Other: | |
| Workgroup Report to be presented to Panel | 18 May 2023 |  | |
| Draft Modification Report issued for consultation | 18 May 2023 |  | |
| Consultation Close-out for representations | 09 June 2023 | | |
| Final Modification Report available for Panel | 13 June 2023 | | |
| Modification Panel decision | 20 July 2023 | | |

1 Summary

What

This Modification proposes to give Shippers the ability to effectively manage Settlement Performance Obligations and reduce Transportation Costs when the proposed Vacant criteria is met, and a Shipper has chosen to set a site to Vacant.

Why

- Within the current economic climate there are many domestic and commercial properties that have become Vacant, with the Shipper unable to access the property or contact the customer to obtain meter readings. In certain circumstances, a warrant can be obtained through the courts. However, this can be a costly procedure and requires a considerable amount of time and effort. Despite these facts, Gas Shippers are unable to effectively reduce their Settlement Performance Obligations and Transportation Cost exposure to these sites, as:
 - An AQ for a site can only be amended by obtaining meter readings
 - A Shipper/Supplier cannot access the site(s) to obtain meter readings
 - A Shipper is unable to contact the customer to obtain meter readings.

How

The Modification proposes that once a site has met proposed Vacant criteria, the Shipper is given the ability to contact the Central Data Service Provider (CDSP) to remove Settlement Performance Obligations and stop Transportation Costs while the site is in a Vacant status.

Shippers would continue to apply the Isolation and Withdrawal process where it is deemed appropriate and possible, noting that the majority of isolations can only be applied with access to the property. The process proposed under this Modification regarding Vacant sites is independent to the current Isolation and Withdrawal processes. There are no proposed changes to the Isolation or Withdrawal processes as a result of this Modification.

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 has been notified of Vacant criteria for a site being met and the total count of sites that have a Vacant Status and the duration they have had this status.

2 Governance

Authority Direction is proposed for this Modification, as the last time this subject was discussed in 2011 (Modification 0282 & 0282A) it was considered a material change and not subject to Self-Governance. The view of Workgroup 0783R was that this was still the case for this Modification due to the potential impacts in Gas Allocation, Reconciliation and UIG.

Requested Next Steps

This Modification should:

- be assessed by a Workgroup.
- be considered a material change and not subject to Self-Governance..

3 Why Change?

Currently there is no process that allows Shippers to remove Settlement Performance Obligations or reduce Transportation Costs for Vacant sites without submitting meter readings. However, when a site is Vacant it is difficult for Shippers and meter reading agents to obtain meter readings. In certain circumstances, a warrant can be obtained through the courts. However, this is a costly procedure and requires a considerable amount of time and effort. This leaves Shippers paying inflated Transportation Costs until meter readings are obtained and submitted and accepted into Settlement, noting that some costs become unrecoverable when the last actual reading predates the Line in the Sand date.

By providing Shippers with the ability to reduce Transportation Costs to reflect real time usage it will ensure that Shippers are not paying upfront costs, noting that this would be particularly useful to the smaller market participants that might not have access to large amounts of cashflow for upfront costs, promoting market competition.

Shippers would continue to apply the Isolation and Withdrawal process where it is deemed appropriate and possible, noting that the majority of isolations can only be applied with access to the property. The process proposed under this Modification regarding Vacant sites is independent to the current Isolation and Withdrawal processes. There are no proposed changes to the Isolation or Withdrawal processes as a result of this Modification.

4 Code Specific Matters

Reference Documents

TBC

Knowledge/Skills

Knowledge of Read Submission Process, AQ and SOQ, Gas Allocation, Reconciliation and UIG.

5 Solution

Business Rule 1

It is proposed that a new Vacant site process for Product Class 4 Non-Daily Metered (NDM) sites, is 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.

The Shipper would be responsible for ensuring proposed criteria is met before a site could be made Vacant through notification to the CDSP. Details of the proposed criteria will be maintained within the UNC Related Document - Amending a Gas Vacant Site Process Guidance Document.

Business Rule 2

Where a Shipper has ensured that the proposed Vacant site criteria has been met and wishes to utilise the Gas Vacant process, the Shipper will notify the CDSP to enter the site into "Vacant status".

Business Rule 3: Settlement and Commodity Relief

At the point the site is entered into a Vacant status by the CDSP (as notified by the Registered User), 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. Any retrospective ceases are out of scope of this Modification and process.

Business Rule 4: Capacity Relief

Where a site has been in a Vacant status for 12 months or more with the same Supplier and Shipper, the Shipper will have the option to request a change to the Annual Quantity (AQ) of the site to set the AQ to 1 via a new Vacant site “eligible cause” as per TPD G 2.3.21 to receive Capacity relief.

Business Rule 5: Exit Criteria

A site will trigger the removal from Vacant status when any of the following occur:

1. Change of Shipper or and/or Supplier event (CoS) occurs, including as a result of:
 - a. Supplier of Last Resort (SoLR) event has taken place
2. AQ Correction has been submitted except if in accordance with Business Rule 4
3. Class Change is submitted
4. Request for Isolation is made
5. Read is submitted into UK Link
6. ONJOB is submitted into UK Link

For the avoidance of doubt, in relation to the points above, the trigger is being submitted to the CDSP, regardless of it being accepted and processed centrally.

Business Rule 6: Vacant status removal - Settlement and Commodity Relief

- a.) Where the site AQ has not been reduced to 1, the CDSP will remove the Vacant status with Settlement Performance Obligations, Commodity Costs, Daily Allocation and UIG recommencing, when any of the above Exit Criteria are triggered.
- b.) Where the site AQ has been reduced to 1, the Vacant status will be removed in line with the updated AQ becoming effective as per the business rules below.

Business Rule 7: Vacant status removal - Capacity Relief

- a) Where the Registered User triggers the exit from the process via an AQ amendment (AQ correction), the Vacant status will be removed by the CDSP in line with the updated AQ (as per the correction request), becoming effective. For the avoidance of doubt this will be effective in line with the existing AQ amendment timelines.

For the other exit triggers (CoS, SoLR, Class Change, Read or .JOB submitted), the Registered User will have until M-15 Supply Point System Business Days (SPSBDs) the following month of the trigger, to amend the AQ (via the AQ amendment process) to the accurate usage. The Vacant status will be removed by the CDSP in line with the updated AQ (as per the correction request) becoming effective. For the avoidance of doubt, this will be effective in line with the existing AQ amendment timelines.

- b) In the absence of the Registered User amending the AQ as per the above timeline, the CDSP will reinstate the pre-Vacant Rolling and Formula Year AQ (FYAQ). The Vacant status will be removed by the CDSP in line with the pre-Vacant Rolling and FYAQ becoming effective. For the avoidance of doubt, where the CDSP reinstate the pre-Vacant Rolling and FYAQ between the months January – March, the reinstated value will be utilised to set the FYAQ for the next 12 months commencing in April.

Supplemental:

This Modification also seeks to introduce additional reporting 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.

6 Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

There are no impacts identified on a current SCR.

Consumer Impacts

More accurate billing.

What is the current consumer experience and what would the new consumer experience be?

Consumers currently being billed on inflated AQ volumes would receive more accurate billing.

Workgroup comments to be inserted here

| Impact of the change on Consumer Benefit Areas: | |
|--|-------------------|
| Area | Identified impact |
| <p>Improved safety and reliability</p> <p>The proposed process will likely see increased visits to Vacant sites to monitor and establish if sites are still in a Vacant state with no access.</p> | Positive |
| <p>Lower bills than would otherwise be the case</p> <p>Customers will potentially receive lower bills based on more accurate site consumption.</p> <p>Workgroup comments April 2023:</p> <p>Customer's bills will be influenced by a more accurate bill, however the follow-through will depend on the billing system used.</p> <p>Any system costs must be paid for and these will ultimately flow through to the customer in some fashion.</p> <p>The impact on customers will depend on the nature of the site (ownership etc.)</p> | Positive |
| Reduced environmental damage | None |
| Improved quality of service | None |

| | |
|---------------------------------|------|
| Benefits for society as a whole | None |
|---------------------------------|------|

Cross-Code Impacts

The Proposer confirmed an IGT-UNC Modification will be required. This will be raised in due course.

Workgroup Participants comments to be added here.

EU Code Impacts

None.

Central Systems Impacts

The Modification will impact the Central Data Services Provider, A ROM was discussed at Workgroup in February 2023.

Rough Order of Magnitude (ROM) Assessment

| | |
|-------------------------|---|
| Cost estimate from CDSP | An enduring solution will cost at least £230,000, but probably not more than £375,000 assuming implementation in the new CMS. No ongoing costs are anticipated at this stage however, this will be assessed and confirmed in detailed analysis / design phase. |
| Timescales | The proposal is to align with a Major Release. Approximately 20 - 24 weeks post Detailed Design Change Pack approval. 4 weeks of Post Implementation Support would be recommended. |

Workgroup comments to be added here – e.g. Potential Service area/ Funding?? See ROM and note that DSC Change Management will decide.

Performance Assurance Considerations

PAC discussed this Modification at their April 2023 meeting and agreed to share the draft PARR reports with Workgroup on 26 April 2023 (see <https://www.gasgovernance.co.uk/0819/270423>). Workgroup reviewed the draft PARR for 0819 and had no comments on the material presented.

Workgroup noted that the PARR will not be updated with the proposed reports until the Modification is approved.

Panel Questions

What PAC monitoring should be in place for this Modification?

See Section above “Performance Assurance Considerations”.

Workgroup Impact Assessment

A Workgroup Participant suggested an alternative solution at the February 2023 workgroup meeting which was discussed further at the March meeting:

- The AQ of a vacant site could be reduced to 1 by submitting static reads using a new vacant site read reason.
- The CDSP Subject Matter Experts (SMEs) have advised (at a very high level) that the system and process impacts would be more complex than the solution option of Modification 0819 which has been fed back to the User who suggested this alternative.
- The Workgroup Participant provided their confirmation that they were satisfied with the response received and that they no longer wished to pursue this as an alternative solution option.

Winter Consumption

At Workgroup in March 2023, a discussion ensued around the effect of winter consumption on Business Rule 4 relating to setting the AQ to 1. Workgroup agreed that a User could raise a winter consumption adjustment to reduce the winter consumption value down to 0 ahead of raising the AQ correction. This is the existing process now for Shipper Users. The Proposer agreed to include reference to the winter consumption adjustment process in the ‘Amending a Gas Vacant Site Process Guidance Document’.

Backstop date

Workgroup discussed the need for a backstop for when the CDSP re-instate the pre-vacant rolling AQ and Formula Year Annual Quantity (FYAQ). This would mean that once the Shipper User submits a new read for a previously vacant SMP, the rolling AQ would be immediately pulled back down. The AQ would, therefore, be closer to the vacant AQ value than the re-instated pre-vacant value.

The impact of this would be:

- Reduced commodity charges would re-apply when the rolling AQ significantly reduces. Therefore, despite the commodity stop flag being removed when the vacant status is removed, the SMP would still have an element of commodity relief even though the SMP is no longer vacant.
- Reduction in capacity charges would NOT immediately apply as it is based on the FYAQ. However, if the initial post-vacant read/s were submitted just before the 01 December AQ snapshot, the rolling AQ captured during that snapshot would be more reflective of the vacant AQ, and therefore when the

FYAQ is set on 01 April the following year, it will be considerably lower than the re-instated values, meaning that an element of capacity relief would reapply despite the SMP not being vacant.

In light of the above, Workgroup came to the view that the re-instated pre-vacant AQ values without a backstop would negate the impact of reinstating the pre-vacant AQ values and decided to include the backstop date mechanism when the CDSP re-instate the pre-vacant AQ.

Refer to new reference to backstop in Business Rule 7 b).

Workgroup discussed the potential interaction of the legal text for 0816S and 0819. Ideally, 0816S would be implemented ahead of 0819.

Insert update from DSC Change Management Committee re Modification 0819 and its interaction with Modification 0816S to see if there are any impacts or consequences in terms of system implementation (as both Modifications affect the same area of Legal Text - likely to be Section G Paragraph 2.3).

Awaiting amended Modification beyond v3.0

Awaiting final legal text

7 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:

| Relevant Objective | Identified impact |
|--|-------------------|
| a) Efficient and economic operation of the pipe-line system. | None |
| b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters. | None |
| c) Efficient discharge of the licensee's obligations. | None |
| d) Securing of effective competition: (i) between relevant Shippers; (ii) between relevant Suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant Shippers. | Positive |
| e) Provision of reasonable economic incentives for relevant Suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers. | None |
| f) Promotion of efficiency in the implementation and administration of the Code. | None |

| | |
|---|------|
| g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators. | None |
| <p>By providing Shippers with the ability to reduce Transportation Costs to reflect real time usage it will ensure that Shippers are not paying upfront costs, noting that this would be particularly useful to the smaller market participants that might not have access to large amounts of cashflow for upfront costs, therefore promoting Relevant Objective d) Securing of effective competition:</p> <p>(i) between relevant Shippers;</p> <p>(ii) between relevant Suppliers.</p> | |

Workgroup Assessment of Relevant Objectives

Insert text here

8 Implementation

No implementation timescales are proposed. However, following the finalisation of the Modification solution it will be passed to Xoserve for evaluation of the central systems impacts and implementation timescales.

Interaction between 0816S and 0819. System changes must take this into account, LT interaction may need to be resolved through consent to modify.

9 Legal Text

Legal Text will be provided by Cadent Gas.

Workgroup Assessment

The Workgroup has considered the Legal Text and is satisfied that it meets the intent of the Solution.

Text Commentary

Insert text here.

Text

Insert text here.

10 Recommendations

Workgroup’s Recommendation to Panel

The Workgroup asks Panel to agree that:

- This modification requires further Workgroup Assessment and should report back to Panel again in June 2023.

11 Appendices

Appendix 1: Amending a Gas Vacant Site Process Guidance

Appendix 2: Entry & Exit Criteria Slides

Appendix 3 – AQ scenarios