

Introduction of a process to manage Long Term Vacant sites

UNC0282 Minutes

10:30 Wednesday 25 August 2010

31 Homer Road, Solihull, B91 3LT

Attendees

Bob Fletcher (Chair)	BF	Joint Office
Helen Cuin (Secretary)	HC	Joint Office
Alison Jennings	AJ	xoserve
Elaine Carr	EC	Scottish Power
Dave Watson	DW	British Gas
Joel Martin	JM	Scotia Gas Networks
Jonathan Wisdom	JW	RWE npower
Phil Lucas (Teleconference)	PL	National Grid Distribution
Simon Trivella (Teleconference)	ST	Wales & West Utilities
Stefan Leedham (Teleconference)	SL	EDF Energy
Tabish Khan	TK	Ofgem
Trish Moody	TM	xoserve

1. Introduction and Status Review

1.1. Minutes from the previous meeting

The minutes from the previous meeting were approved.

1.2. Review of actions from previous meetings

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: It was agreed to close this action as this was out of scope of the current modification. **Closed.**

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

Action Update: **Carried Forward.**

Action 0282 010: All to assess the possible solutions for developing and implementing the LTV process.

Action Update: Ongoing. **Carried Forward.**

Action 0282/011: xoserve to confirm how isolated sites are treated in the current allocation regime.

Action Update: See item 2.1. **Complete.**

Action 0282 012: xoserve to establish an understanding of how the system treats readings where the site has been isolated, how this is reported on, and see if this might fit to the Vacant process.

Action Update: TM confirmed that all meter readings are rejected once a site is isolated. **Complete.**

Action 0282 013: xoserve to clarify the treatment of Primes and Subs.

Action Update: See item 2.1. **Complete.**

2. Review Group Discussion

2.1. Revised Business Rules

EC provided a set of revised Business Rules, highlighting the changes from the previous version.

DW asked for further clarity on point five in that the NDM Supply point demand will cease to be determined in respect of that NDM Supply Point (commodity Charging and RbD Market Share) he questioned why sites would be taken out of RbD Market Share and its rationale.

EC advised it had been discussed at the previous meeting and the group had concluded it was fair to exclude LTV sites from RbD energy balancing as they were confirmed vacant and were being monitored on a regular basis.

A number of questions were asked about the possibility of a site dropping in and out of the vacant site status, currently the rules suggest a site that is LTV and then taken out of LTV cannot then be reconfirmed LTV at a later date. TM offered a suggestion whereby sites could only be entered back into the process where there was no consumption and this was verified with the provision of a meter read. DW asked about access to vacant sites to take a meter read. It was suggested that a vacant site may need a warrant to undertake a read. TM confirmed that the site would have to be reloaded as live before a meter read could be input if the isolation file process was used.

The AQ calculation process was considered and how meter readings would need to be allowed to ensure the site is taken out of allocation. The AQ will simply drive the EUC band for capacity charging though the site will not be subject to allocation should the process continue to follow the isolation rules.

Further consideration was given to the 24 month period for vacant sites, JM expressed that Transporters have a concern with sites remaining vacant for a long time, particularly longer than 24 months. It is not unreasonable to expect Shippers to take steps to isolate and withdraw after 24 months. DW expressed concern with obligating Shippers to isolate sites explaining that some redevelopment projects may longer than anticipated to re start consumption, in cases such as these Shippers would want to re-establish a site as vacant past the 24 month limit. DW was keen not to make the isolation after 24 months mandatory and believed it may be worth defining what would be suitable reason(s) for extend the 24 month LTV window.

PL highlighted that the current proposal indicates the vacant flag will be removed after 24 months and left to the Shipper to either isolate or reset the site to live. JM asked what would happen if the Shipper wished to reflag the site as vacant, it was confirmed that the current proposal only allows a site to be flagged once. JM questioned if Shippers should have the option for a site to be reclassified as vacant.

It was suggested that after the initial 24 months a site would be set to live by the Transporter for the Shipper to consider isolation and withdrawal, however it is a business decision on what should happen next, ie let the site remain as live, isolate or reclassify site as vacant. DW explained that the isolation and withdrawal process is a much more expensive process that using a vacant site process.

It was recognised that a meter safety inspection visit would still be needed by its 2 year anniversary regardless of the length of time a site is listed as LTV.

BF asked if a site could be reinstated as vacant the modification would need to be amended as it currently suggests that it cannot be reinstated as vacant.

AJ questioned if it would be unreasonable for to expect a customer to pay a small charge for having gas available despite not using it. DW explained that suppliers have removed standing charges as it was deemed unreasonable to expect customers to pay for access to gas when not consuming gas.

DW believed if there is merit in having a vacant site process and a site can be genuinely vacant and verified he questioned why the process would be capped at two years. DW explained that if after 24 months there is a need to inspect the meter a warrant would need to be obtained to inspect the meter. However, the warrant could not be used to isolate and withdraw an additional warrant would have to be obtained.

DW believed with certain check points and an audit process it would be possible to ensure only valid sites are classed as LTV and that the process is not used as a way of avoiding charges.

JM questioned the difference between a site being vacant and not having access to obtain a meter read and a vacant site that a meter read can be obtained. DW wished to use the process for both vacant site scenarios. EC explained if there was any doubt by the meter reading agency that a sites was not vacant then it wouldn't be flagged vacant.

JM asked if zero consumption reads are taken how long does it take for the AQ to be reduced. It was believed this would be about 18 months subject to the receipt of valid meter reads.

It was recognised that previous meter safety inspection dates may not run in line with the declaration of LTV status and safety inspections may be required prior to the 24 month deadline for LTV being reached.

BF asked if there were any safety obligations on suppliers if a customer has no gas supply contract in place and is not contemplating using gas. DW explained that there is such a thing as a deemed contract and therefore no obligation to remove meters for safety reasons. JM explained that the Transporters have pipeline regulations for the safety of pipes on sites that are not being used in line. JM questioned how the HSE would consider Transporters not acting upon information that a site is vacant and not consuming gas for long periods of time, he was particularly concerned about the avoidance incidents. DW believed that knowing a site is vacant improves on the current situation whereby vacant sites are not recorded as such and a 24 month limit does not apply.

SL asked about a change of supplier for a vacant site. He suggested that Ofgem gave a view that where there is no consumption there would be no contract in place, however to qualify for a change of supplier requires a contract. TK suggested that a change of supplier could either suggest an erroneous vacant site flag or simply a timing issue of a site being re-occupied.

The proposed reporting was considered and it was agree to add the meter safety inspection anniversary date in addition to the 24 month LTV date within the reporting.

TM provided an update on the xoserve actions. She explained the isolation process and the use of the isolation flag, including the treatment of prime and sub isolations. TM explained that if an isolation flag is added to a prime meter it wouldn't be able to accept reads for the sub meters. She also explained the AQ calculation for isolations and that the AQ is not calculated.

Having considered how the isolation flag functions operate, it was deemed that using the isolation flag functionality would not be possible for the vacant site process.

EC provided a copy of the SPAA Draft Business Rules and run through the process.

DW asked if the SPA document is a guidance document and its relationship with UNC. Is it possible to put in place a UNC obligation that places a requirement in the SPAA guidance document?

EC believed it could but it may not be mandatory, however both need to be implemented together.

DW asked if implemented into UNC but not in SPAA is it possible to use the LTV process. EC explained that it wouldn't be possible.

The governance arrangement for changing SPAA was discussed. DW believed the changes may not need authority consent due to the level of change.

JM explained that if Ofgem approve the modification the SPAA would need to be amended and may delay the implementation date until SPAA has signed off the changes.

Action 014: Ofgem to confirm the governance arrangements of changing the SPAA Guidance Documents.

JW asked what MRA codes could be used to trigger the classification of a vacant site.

Action 015: JW to provide list of codes that can be currently used by the MRA to identify a site as vacant.

DW welcomed the 215 calendar day check to ensure Suppliers validate sites are vacant and wondered if this should be introduced within the UNC to ensure the obligation is met. DW suggested that Shippers would want to use this process and that it should be mandated to be compliant with the relevant rules in SPAA, to enforce compliance with those who do not elect to the schedule.

AJ expressed concern about xoserve policing the process. She anticipated that the Suppliers would have the obligations, control the process and submit a flag request with very little validation from xoserve.

Consideration was given how to obligate suppliers to operate to the SPAA guidelines. DW explained the SPAA was mandatory, voluntary and elective dependant upon which schedules a party signed up to. It was considered that if suppliers wish to use the vacant site process it should be mandatory to operate to the SPAA Guidelines.

Some feedback was provided on the SPAA guidelines for further amendment.

2.2. Safety Implications

No further discussions took place on the Safety Implications. See item 2.1.

2.3. Costs Vs Benefits

DW asked if Ofgem need to know the degree of how accurate the change would increase efficiency or simply that it would improve. TK wished to benefits quantified.

DW was keen to demonstrate to Ofgem that the costs would not outweigh the benefits and believed this would be difficult without Shippers providing information.

Action 016: Shippers to send the Joint Office details of last years sites that could have declared LTV with an AQ value to determine how much energy could smeared into RbD and avoided by that Shipper. This will be aggregated and summarised at the next meeting.

Action 017: Shippers to provide examples of vacant site durations to determine typical length of vacant sites.

2.4. Risks to the RbD Market

TM explained that AQs wont be included in the AQ count, the risk to the RbD Market could be gaming by artificial vacant site flags, thus less sites being in the mix.

The group considered: What would the impact be to Shippers wishing not to use the Vacant Site process? What are the consequences to the RbD Market Share count for Shipper using the process?

DW explained the impact to the RbD Market and the share of unallocated gas. Being kept out of RbD would distort the market.

TM believed it would be easier to exclude vacant sites similar to how isolations are from a system solution point of view and thus impact the cost of the system solution.

TM suggested an RbD expert from xoserve would be able to consider any implications, including the scenario whereby RbD is included within the smear but excluding with energy balancing.

Action 018: xoserve RbD expert to consider the proposal impacts and provide a view/attend the next meeting.

Action 019: Shippers to provide a view on the inclusion of RbD within smear.

3. AOB

None raised.

4. Diary Planning for Workstream

The focus of the next meeting should consider the following aspects of the proposal:

- Business Rules
- Development Work Group Report.

and will take place on 13 September 2010, 10:30, Holiday Inn, 61 Homer Road, Solihull.

UNC0282 Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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)	Closed
0282 006	24/05/10	2.1	xoserve to consider the system implications of excluding LTV sites from the AQ Review Process.	xoserve (LW)	Carried Forward
0282 010	29/06/10	2.4	ALL to assess the possible solutions for developing and implementing the LTV process.	ALL	Carried forward
0282 011	27/07/10	2.1	xoserve to confirm how isolated sites are treated in the current allocation regime.	xoserve (LW/KM)	Complete
0282 012	27/07/10	2.1	xoserve to establish an understanding of how the system treats readings where the site has been isolated, how this is reported on, and see if this might fit to the Vacant process.	xoserve (LW)	Complete
0282 013	27/07/10	2.1	xoserve to clarify the treatment of Primes and Subs.	xoserve (TM)	Complete
0282 014	25/08/10	2.1	Ofgem to confirm the governance arrangements of changing the SPAA Guidance Documents.	Ofgem (TK)	Pending
0282 015	25/08/10	2.1	JW to provide list of codes that can be currently used by the MRA to identify a site as vacant.	RWE npower (JW)	Pending
0282 016	25/08/10	2.3	Shippers to send the Joint Office details of last years sites that could have declared LTV with an AQ value to determine how much energy could	All Shippers	Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			smear into RbD and avoided by that Shipper. This will be aggregated and summarised at the next meeting.		
0282 017	25/08/10	2.3	Shippers to provide examples of vacant site durations to determine typical length of vacant sites.	All Shippers	Pending
0282 018	25/08/10	2.4	xoserve RbD expert to consider the proposal impacts and provide a view/attend the next meeting.	xoserve (FC)	Pending
0232 019	25/08/10	2.4	Shippers to provide a view on the inclusion of RbD within smear.	All Shippers	Pending