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**Introduction of a process to manage Long Term Vacant sites**  
**UNC0282 Minutes**  
**10:30 Tuesday 27 July 2010**  
**Renewal Conference Centre, Lode Lane, Solihull**

**Attendees**

Bob Fletcher (Chair)	BF	Joint Office
Lorna Dupont (Secretary)	LD	Joint Office
Alan Raper	AR	National Grid Distribution
Alison Jennings	AJ	xoserve
Chris Warner	CW	National Grid Distribution
Gareth Evans	GE	Waters Wye
Joanna Ferguson	JF	Northern Gas Networks
Karen Kennedy	KK	Scottish Power
Karen Marklew	KM	xoserve
Linda Whitcroft	LW	xoserve
Rosie McGlynn	RM	British Gas
Simon Trivella	ST	Wales & West Utilities
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 Dis0301:** AW to confirm the level of take up on the Electricity's Vacant Site Process; **and**

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

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

**Action Updates:** A written update on these three actions was provided by KK in advance of the meeting. It was agreed to close all three actions. **Closed.**

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

**Action Update:** KK confirmed that capacity rights and charges had been removed from the proposal. **Closed.**

**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 was not present; no further update available. **Carried Forward.**

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

**Action Update:** No update provided, but believed not eligible for vacant category. **Closed.**

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

**Action Update:** Covered under agenda item 2.1, below. **Closed.**

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

**Action Update:** LW reiterated that xoserve needed to understand the Business Rules a little better to understand the possible system implications. **Carried Forward.**

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

**Update:** Agreed no further relevance. **Carried Forward.**

**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.

**Action Update:** It was confirmed by ST that neither WWU nor SGN collect this information, and it was assumed that the same applies to the other DNs. **Closed.**

**Action 0282 009:** KK and LW to ascertain the different scenarios for restarting charges if site starts using gas when classified as LTV. **Action**

**Update:** KK reported that this was considered under the Business Rules and will part of the group's discussion. **Closed.**

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

**Action Update:** It was agreed to change the responsibility for this action to 'ALL'. **Carried Forward.**

## 2. Review Group Discussion

### 2.1. Business Rules

KK outlined the draft Business Rules and the group discussed these at some length.

GE voiced his concern at the complexity of including I&C when looking for a solution for small sites, and questioned whether this was a system issue or a customer type issue, pointing out that there were more I&C SSP sites than Domestic LSP sites. If it was a customer type issue then he was concerned that this appeared to be domestic LSPs differently. KK responded that LSP were in a better position than SSP, but the rules have been changed to exclude Large and DM supply points.

GE observed that LSP meter reads still need to be reconciled down to zero when there is no consumption. There were concerns about isolating Domestic SSP sites but not LSP sites? Was it right for an I&C SSP to be eligible for LTV but not a Domestic LSP? Was this due to cost? It was still not clear why LSPs were being excluded.

ST said there was a clear difference between SSP and LSP requirements and this proposal bridged the gap relating to consumption on SSP sites, which are

reconciled through RbD. KK believed there might be scope for an equivalent proposal in relating to LSPs; she had been trying to break down the rules specifically for each market but Scottish Power were concentrating on the SSP sector.

GE added that the allusions contained within the proposal had been the subject of discussion by ICOS members; not getting a meter read for either means remaining stuck in the same position. TM pointed out that there was a risk in using the MSFs as these were not 100% accurate. GE believed it sounded more like a process issue rather than a customer type issue.

KK moved on to explain the high level definitions, and received no comments relating to these.

### ***Entry to the Vacant Process***

KK confirmed that Shippers would be expected to provide information if requested and data would be made available as to why a particular approach had been taken. Shippers will need to keep records which may be subject to scrutiny/audit.

There was concern that such expectations/obligations were not written down; Transporters would be unable to validate the information, and Shippers would be warranting that they had met the criteria.

CW observed that it was beginning to sound rather more like a Code of Practice, and he could not imagine a UNC legal drafting to this level of detail. ST suggested it could be a SPAA Schedule; RM pointed out that governance might need to be considered, and suggested an ancillary document. BF pointed out that this did not formally place strong obligations, although RM believed that a Shipper would act in accordance with a guidance document. CW remained of the view that there may be legal drafting concerns as to which parts could be 'hard coded' and which would not be. BF suggested that a guidance document might be appended to the proposal. RM said that all that was needed in the UNC was a warranty that gave confirmation of the Shipper/Supplier/Agent working in compliance in respect of certain activities.

Further clarification was required as to what was required to be in UNC, with the assumption that anything else could be captured in separate UNC related documents.

KK noted the points raised for further consideration.

### ***Start Date for Vacant***

TM commented that CSEPs might need to be excluded from the process. KK confirmed that there was no intent to include iGT sites.

LW believed clarification was required regarding the start dates, and pointed out that it was not possible to apply a change in status retrospectively, because of system constraints, and previous market shares were too complex to unravel. Being aware of this may also incentivise Shippers to act appropriately in good time. It would require significant system changes if brought in. LW could not see this being an offline adjustment process, and attempting to adjust anything retrospectively would have adverse effects on many other dates/areas.

There was a brief discussion on possible options as to how this could be treated through the systems, and at which points allocation/charges would potentially stop.

AR observed that it could not be triggered without first making a physical visit to the site to establish the position and status. CW suggested that these should be

treated as isolated sites. KK responded that a Shipper would want to keep the AQ at a 'normal' level until the site actually changed status. ST pointed out that by the time the flag was set it could have been vacant for up to 6 months, so it might also have a read and the AQ would reduce slowly, with an appropriate reduction in capacity charges to be paid. Once the site was occupied again, the AQ would then slowly increase again. LW pointed out that there were many different scenarios that affected AQ in this way.

KK explained that she had trying to echo the concerns from previous meetings and in response to this feedback would remove the reference to AQ review.

CW asked how isolated sites were treated. KM thought that they may be taken out, but would need to check on what actually happened to them.

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

It was also suggested that a timescale, perhaps 5 years, for retention of evidence be added.

### ***Confirmation that a Supply Point remains vacant***

CW questioned what would happen if AMR or Smart equipment was in place on a site that was assumed to be vacant; would the equipment be left in situ, in which case would consumption reads still be received and how would they be treated. It was thought that this point might require further consideration. The draft rules had been predicated on someone making a site visit and being able to ascertain that a site was in fact vacant. BF suggested that this could be reconsidered once it was known exactly what smart metering would deliver.

LW queried if SSPs would be included/excluded from the process should Modification Proposal 0270 be implemented. TM believed that if consumption was zero they would stay in RbD. RM added that only the current situation could be addressed as the outcome of 0270 has not been decided. KK said these sites would not be reconciling.

GE believed that AMR would actually be reading zero consumption, and it seemed more complicated to take them out of the settlement scheme. If it was noted that zero consumption was being received day after day, a site visit was likely to be triggered.

### ***Identification that a site no longer qualifies for vacant treatment***

It was assumed that if a Shipper sent in a flag to move a site into the vacant process, they would also send a flag to remove it from the vacant process.

AJ was concerned that this may create a position where all MRs had to be checked for flags on/off, and the systematising of checks may be cost prohibitive. It may be more appropriate for it to be the responsibility of the Supplier to confirm the status.

CW was also concerned, as this may be appearing to change the contract status of a site, whereas the intent was to resume energy charges against that site.

AJ questioned what were the Supplier processes that input into the xoserve system? Were they fully automated, or would other checks be performed before the data reaches xoserve?

KK understood the concerns raised, but reiterated that somehow the most appropriate point at which a site could be removed from the process had to be identified.

LW said that there would be a possibility of receiving 300,000 reads per day and this would potentially present performance issues, etc, and suggested that perhaps a reporting mechanism might be developed. KK suggested rejecting any read that was flagged so that Shippers could investigate. RM pointed out that this would mean the creation of new rejection reasons/codes and checks, and so might be more complicated. AJ commented that a less expensive route was to be preferred, and reiterated the need to understand what happened in a Shipper's process before the read reached xoserve. Could the read be removed before reaching xoserve? KK pointed out that she did not have a process to deal with it yet. RM suggested that some means of exception reporting as a trigger to the community might be worth exploring. KK added that if a rogue read slipped through the net there would need to be confidence it would be rejected by xoserve, and this might need to be added to the rules.

CW asked if there was confidence that Shippers would follow the rules and will monitor their portfolios and act appropriately, otherwise it was just adding to the unallocated gas problems.

KK could only answer for Scottish Power in that they would adhere to the rules agreed; and she was relatively certain that organisations that use the electricity process would also act responsibly. RM added that Shippers will have to warrant this position, and it was in their interests to do so rather than breach UNC and incur whatever sanctions were devised. GE added that Shippers were more likely to acquire customers if they maintained contact with the site rather than ignoring it. LW believed there might be ways to ascertain if a site was being managed correctly.

A rule was required to clarify what happened after 24 months and how the flag should be set. BF asked if there would be an obligation to isolate or physically disconnect at this point. TM added the site would start to be billed again, so some sort of action by the Shipper would be required.

There was a brief discussion on how the process was envisaged to work. xoserve needed to know when to stop/start billing. The Vacant flag would be set on notification and billing would stop 7 days after receipt, and vice versa for removal from Vacant process. xoserve will reject the reading if a Vacant flag is already set against a site. A new read rejection code might be required, which could be reported on or, as ST suggested, a report that recognises that such anomalies have been received, as it could mean that an advance read has been sent in.

LW suggested another way, whereby xoserve just take the read but take no action relating to it – if it were to be received or rejected LW would need to check which was the cheapest option.

There could be a requirement to load to the system and not act upon – (this could be included as part of the analysis) and may be reporting can be done later. ST commented that prudence should dictate that xoserve must either reject or have some ability to flag positive consumption on an apparently vacant site.

LW agreed to take an action to understand how the system treats readings where the site has been isolated, how this is reported on, and see if this might fit to this Vacant process.

**Action DE0282/012: 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.**

There appeared to be two options at present: to reject all, or to accept all and load/act/report.

LW pointed out that if the Vacant flag was removed the site cannot be set to Vacant again; under the current rule this was to stop sites remaining vacant in

perpetuity, and to prevent Shippers from moving sites in and out of live status to in effect perpetuate a vacant status.

The group then resorted to a flipchart in an effort to create a visual understanding of the timeline for vacancy and the potential impacts of receiving reads at different points. ST pointed out that events such as Landlord's Gas Safety checks, and boiler servicing, could create a small consumption read that may thereby affect the process and cause status to be queried/rejected. KK believed the Shipper needed to verify the Vacant status. Any consumption read should be reported on. LW pointed out that xoserve was not policing the process, just reporting on it and not processing it. It was suggested that perhaps the system might be able to report on any consumption over a set limit. BF pointed out that any gas used should still be billed and paid for.

### ***End Date for the Vacant Period***

The flag would be set as per the notification.

TM asked if a rule might be required to cover Primes and Subs. CW asked if these were excluded from Isolation.

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

LW observed that a change in tenancy should be a trigger for a change in status.

KK commented that if a site was set back to live the Shipper could decide to pick up the charges or set to isolation.

LW said that if it changes Supplier the assumption would be that it would be getting ready to start taking gas; it would be difficult to configure the system to accept such changes of status if they were to happen within short periods of time.

BF pointed out that the two-year period was put in place from a safety perspective.

LW said that the flag could be removed if there was a change of Shipper, and at 24 months. There would be no option to maintain LTV status after 24 months and it would revert to attracting charges. The 24 month limit was queried. This was because for many sites there was no access making the 2-year meter inspection very difficult, and this triggered another attempt to try again. However any site that does not want LTV status should be progressed to isolation, or isolation and withdrawal. Perhaps similar rules could be applied here. It was confirmed that Shippers were charged for the actions taken to disable the service and set it to 'dead'. A 'dead' portfolio report was sent to Shippers, and it was noted that associated MPRs could not be resurrected, if the site was subsequently returned to live capability.

ST pointed out that Transporters were very concerned with regard to the safety aspect of vacant sites, and just reapplying charges after 24 months did not address this aspect. CW said that if the service was set back to live and the Transporter was expected to then go and carry out physical works to cut off the service, then consideration would need to be given to the potential numbers across periods and the level of resources and costs associated with supporting a proactive isolation process.

GE commented that the 2-year safety inspection was often the only one made at many sites.

CW was concerned that sites that should really be isolated might make more use of the Vacant route. Vacant sites do not always end up as a disconnect. CW also asked how would Ofgem be convinced that this was sound practice.

BF stated that KK could only continue to develop the rules from a Shipper perspective, unless receiving more guidance in this area from Transporters. It

was acknowledged that the Business Rules were not going to resolve every conceivable issue in this area, and BF asked if the Transporters could look at it from a wider perspective. JF agreed to look at it offline.

Concluding the discussions, BF noted that KK would update the Business Rules in light of comments/suggestions made, and reassess the proposal. At some point a Code of Practice may need to be developed and appended to the proposal.

### **3. AOB**

None raised.

### **4. Diary Planning for Workstream**

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

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

and will take place on Monday 16 August 2010, 10:30, Conference Room 5, 31 Homer Road, Solihull, B91 3LT.

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**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	Closed
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	Closed
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	Closed
0282 003	28/04/10	2.1	All to consider the impacts of removing capacity rights and charges.	All	Closed
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)	Closed
0282 005	28/04/10	2.1	Produce a strawman and Business Rules for consideration at the next meeting.	Scottish Power (KK)	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 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)	Closed



Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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)	Closed
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)	Closed
0282 010	29/06/10	2.4	<del>KK and LW</del> 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)	Pending
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)	Pending
0282 013	27/07/10	2.1	xoserve to clarify the treatment of Primes and Subs.	xoserve (TM)	Pending