

CODE MODIFICATION PROPOSAL No 0282
Introduction of a process to manage Vacant Sites
Version 10.0

Date: 17/02/11

Proposed Implementation Date:

Urgency: non urgent

Proposer's preferred route through modification procedures and if applicable, justification for Urgency

(see the criteria at http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/11700_Urgency_Criteria.pdf)

1 Nature and Purpose of Proposal (including consequence of non implementation)

Background

Within the current economic climate there are a large number of domestic and commercial properties that have become vacant. In England alone it is estimated that there are approximately 700,000 homes unoccupied, of which over 300,000 have been vacant for more than six months¹. However despite this fact gas Shippers are unable to effectively reduce their settlement 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 obtain access to the site to obtain meter readings
- The Shipper has no redress to change the AQ of the site to reduce costs

This problem was considered in great detail in relation to the electricity market in 2005 under Issue 14² of the Balancing and Settlement Code and subsequently resulted in the successful introduction of MOD196³ ("Treatment of Long Term Vacant Sites in Settlement"). Modification 196 was introduced in February 2007 and since introduction 50,000 sites have gone through the electricity Vacant process.

The basis of MOD196 is that where a Supplier receives two "notification of failure to obtain reading" flows, with the "site visit check code" noted as "not occupied", of more than 3 months and no more than seven months apart, they can apply for the site to have the Estimated Annual Quantity (EAC) set to zero. (Mod196 has subsequently been amended (P245) to

¹ Study by Empty Homes for the 2008 period – www.emptyhomes.com and details outlined on the Parliament website www.uk-parliament.co.uk

² [http://www.elexon.co.uk/documents/modifications/196/P196_attachment_1_\(issue14_report_v1.0\).pdf](http://www.elexon.co.uk/documents/modifications/196/P196_attachment_1_(issue14_report_v1.0).pdf)

³ <http://www.elexon.co.uk/documents/modifications/196/p196.pdf>

change the timescales for submission of the site check code to “not less than 75 calendar days and not more than 215 calendar days” to ensure more equitable treatment for Suppliers who operate a quarterly meter read cycle).

Exclusions apply within the process and there are monitoring and ongoing management requirements for sites assigned Vacant status and rules to outline when a site no longer qualifies.

At the present time in the gas market the AQ for a site can only be brought down, where metering readings suggest that there has been a reduction in the gas consumed at a site. However, with a vacant site a Shipper/Supplier cannot gain access to the site to determine that there has been no consumption. 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. It is therefore the case that the Shipper is left with no re-address in respect of changing the AQ of the site or reducing transportation costs to the site.

Proposal

It is proposed that a new process be established under the UNC, where a Shipper can reduce their cost exposure to vacant sites, through a process similar to what exists in the electricity market. It is intended at this time that the Vacants process, if implemented, be applied to sites with an Annual Quantity of <73,200kWh. Discussions within the Distribution Workstream to develop a solution to include DM and NDM LSP sites have highlighted a number of areas of concern and as such may require detailed business rules in order to deliver a Vacants solution. In order to expedite the development and delivery of a workable approach for dealing with Vacants within the NDM SSP market sector, this Proposal as been amended to exclude NDM LSP and DM sites at this time.

It is proposed that a site classified as Vacant would be excluded from commodity charging. For the avoidance of doubt, capacity charging would be retained (LDZ Capacity (ZCA), Customer Capacity (CCA), NTS Exit (NNX)). Shippers/Suppliers would continue to apply the isolation and withdrawal process where is deemed appropriate. Shippers will warrant their Suppliers will comply with SPAA Schedule.

In addition a Change Proposal will be raised to SPAA to introduce a Schedule which outlines the procedure to be followed where a Supplier has identified that a premise with an Annual Quantity of <73,200kWh qualifies as vacant and what appropriate action should be taken by Suppliers when managing vacant premises.

It is also proposed that Transporters should provide monthly reports to each Registered User for a relevant MPRNs included within the Vacants process.

Business Rules – Introduction of a process to manage Vacant Sites

1. The Supply Point must be in the requesting Registered Users ownership
2. The Supply Point must be NDM SSP.
3. The Supply Meter Point does not form part of a Sub-Deduct Arrangement.
4. The Registered User will warrant that it has received two notifications from the Meter Read Agent to verify that it is a vacant premise. These attempts must be no less than 75, and no more than 215 calendar days apart.
5. Where a Shipper wishes to utilise the Vacant Site Process and an NDM SSP has been identified as qualifying as Vacant, the Registered User shall notify the Transporter.
6. On receipt of the notification, the Transporter shall amend the Supply Point Register to reflect that the NDM SSP is Vacant providing the previous meter status is live.
7. Following the update to the Supply Point Register, and at D+7 in accordance with UNC, Section H2, NDM SSP Demand will cease to be determined in respect of that NDM Supply Meter Point (Commodity Charging & RbD market Share).
8. The Supply Meter Point will remain within the AQ Review process.
9. Where a NDM SSP increases AQ during the review to a point where it would become LSP, the Transporter will remove it from the Vacants process. This would then be subject to Mod 640 Business as Usual processes. The Transporter will notify the Shipper. For the avoidance of doubt where the NDM SSP increases AQ but remains as a NDM SSP, it will remain in the vacants process
10. Where a Supply Meter Point status is Vacant, the Registered User of the Supply Point will continue to be responsible for the supply point, capacity charges (LDZ Capacity (ZCA), Customer Capacity (CCA), NTS Exit (NNX)), but not commodity charges.
11. Where the Registered User acquires evidence that the Supply

Meter Point no longer qualifies as Vacant, the Registered User will notify the Transporter at the earliest opportunity.

12. Where a Supply Meter Point is flagged as Vacant, and the Transporter identifies that it is /no longer Vacant , the Transporter will take such actions to notify the Shipper. Where the Registered User receives such notification, they will investigate and remove from the Vacant process

13. Where the Registered User notifies the Transporter that the NDM SSP no longer qualifies as Vacant e.g isolated or live, the Transporter will update the Supply Point Register to reflect the appropriate status.

14. Where a NDM SSP has been flagged as Vacant, and subsequently, meter readings are provided by the Registered User to the Transporter, upon receipt of the first meter reading, no action is required to remove the Supply Meter Point from the Vacants process. Where a 2nd meter reading is provided and there is a consumption advance, the Registered User shall remove the NDM SSP from the Vacants Process. The Transporter will provide each Registered User with a monthly report of meter readings received.

15. Relevant charges will re-commence from D+7 following the Shippers notification of status change.

16. Where an NDM SSP maintains a status of Vacant for a continuous period of 24 months, the Registered User will take reasonable steps to Isolate or set to live the NDM SSP.

17. In the event of a change of Registered User the status of Vacant will be removed.

Reporting Requirements

Transporter to provide monthly reports to each Registered User for a relevant MPRN detailing;

Details of each NDM SSP with a status of Vacant.

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MPRN	Shipper Short Code	AQ	Date of entry to vacant process (D+7)
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Details of NDM SSP removed from Vacants

mprn	Shipper Short Code	AQ	Current meter point status	Date of exit from vacant process (D+7)
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Details of NDM SSP flagged Vacant >24months

mprn	Shipper Short Code	AQ	Date of entry to vacant process (D+7)
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Transporter to provide monthly anonymised reports to the industry

Shipper (Anonymised by % of SSP portfolio)	Total sites in Vacant process	New in the last month	Sites exiting vacant process in the last month	Number of notifications issued under rule 16	Sites that have been in the vacant process >24 months	Total Sites at end of month Column B + Column C – Column D
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Large Transporters Agent will provide report to Shippers re Business Rule 15

MPRN	Read Date	Read	Read Date	Read
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In addition to the above, the Transporter will provide age analysis reports.

Age Analysis			
Shipper (Anonymised by % of SSP portfolio)	Total sites in Vacant process	No. Of Sites >x months	Average period within vacant process

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User Pays

a) Classification of the Proposal as User Pays or not and justification for classification

This proposal is a User Pays code service and as such costs should be attributed to those who would benefit from its' implementation.

b) Identification of Users, proposed split of the recovery between Gas

Transporters and Users for User Pays costs and justification

100% of development/operational costs to eligible Shippers [to be considered once the ROM is available], 0% of costs to Transporters

c) Proposed charge(s) for application of Users Pays charges to Shippers

Monthly charge per eligible Supply point

d) Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from xoserve

To be determined.

3 Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 and 2 of the Gas Transporters Licence

This modification proposal would better facilitate the following Relevant Objectives:

Standard Special Condition A11.1 (d): so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers.

This Proposal would ensure more accurate allocation of costs, that are more reflective of customer usage in the SSP market by stopping commodity charges and energy allocation. , This is a more cost effective process for managing Vacant sites than resorting to isolation. Standard Special Condition A11.1 (f): so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code

This proposal would enhance choice of services provided through UNC.

4 Any further information (Optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested text

It is proposed that this functionality be introduced at the earliest opportunity following a positive direction from the Authority to mitigate the costs faced by Shippers/Suppliers in relation to vacant sites.

5 Code Concerned, sections and paragraphs

- a) Uniform Network Code
- b) Transportation Principal Document

Section(s) E, H, G, M, S

Section(s)

Proposer's Representative

Karen Kennedy (ScottishPower)

Proposer

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