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| Modification proposal: | Uniform Network Code (UNC) 0819: Establishing/Amending a Gas Vacant Site Process | | |
| Decision: | The Authority ¹ directs this modification be made ² | | |
| Target audience: | UNC Panel, Parties to the UNC and other interested parties | | |
| Date of publication: | 09 February 2024 | Implementation date: | To be confirmed by the code administrator |

Background

When commercial or domestic properties become vacant for extended periods of time, this can pose a problem for Shippers³ who may find it difficult to obtain a meter reading from that site. This issue is compounded when the metering equipment is located inside the site and smart metering equipment has not been installed. When these situations arise, Shippers may be unable to contact a customer or obtain a meter reading and their recourse may be limited to applying for a Right of Entry⁴ warrant to access the site. These sites being vacant for extended periods may lead to Shippers being unable to effectively meet their settlement performance obligations and reduce transportation costs for these sites. This can be achieved through obtaining accurate meter readings to revise the site's Annual Quantity (AQ)⁵ downwards.

Shippers still have the option to utilise the isolation and withdrawal process where it is deemed appropriate, and this would not be affected by the solution proposed by this modification. However, use of this is dependent on access to the site and may not be available in all cases.

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

³ Shipper is defined in the [UNC GTB – General Section 2.2.1](#)

⁴ [Rights of Entry \(Gas and Electricity Boards\) Act 1954](#)

⁵ Annual Quantity is defined in the UNC [TPD Section G - Supply Points](#)

A process currently exists within the Balancing and Settlement Code⁶ (BSC) for the electricity market which allows suppliers to have a site's Estimated AQ (EAC) set to zero following confirmation that a site is vacant. This process was brought in by BSC code modification P196.⁷

Previous Modifications

UNC Modification 0282/0282A⁸, which sought to develop a solution similar to BSC P196, was unsuccessfully progressed and rejected in 2010. The proposed modification was unsuccessful due to a licence condition requiring meter inspections and the lack of oversight and reporting had the modification been implemented.

The modification proposal

Modification proposal UNC0819: Establishing/Amending a Gas Vacant Site Process was raised by Centrica ("the Proposer") in September 2022. This modification will establish the criteria to designate a property as a vacant site. This allows Shippers the ability to request this vacant status through the current Central Data Service Provider⁹ (CDSP), Xoserve. Once a site has achieved a vacant status this will remove settlement performance obligations and reduce transportation costs while the site is in a vacant status. The modification also seeks to introduce additional reporting to the Performance Assurance Committee¹⁰ (PAC) to monitor and oversee the vacant site process.

The modification would allow Shippers to nominate any class 4 non-daily metered site which meets the criteria for a vacant site set out in the Vacant Site Guidance Document¹¹ to the CDSP to be placed into the vacant site process. However, if the CDSP hold data that indicates otherwise or believes the criteria in the Vacant Site Guidance Document has not been met then the site may be rejected from entering the process.

⁶ Balancing and Settlement Code can be found at <https://bscdocs.elexon.co.uk/>

⁷ P196 Treatment of Long Term Vacant Sites in Settlements [P196 - Treatment of Long Term Vacant Sites in Settlements - Elexon BSC](#)

⁸ [0282 0282A - Introduction of a process to manage Vacant sites](#)

⁹ CDSP as defined in [UNC GTD - CDSP and UK Link](#)

¹⁰ Performance Assurance Committee as defined in [TPD Section V - General 16.2.1](#)

¹¹ 0819 FMR page 16

Once a site has met the criteria and entered into the process holding vacant status then settlement performance obligations, commodity costs, daily allocation and unidentified gas (UIG) requirements will cease. For the avoidance of doubt, this will only take effect from the date the site gains vacant status and not retrospectively. After a site has held a vacant status for 12 months or more and has held both the same Supplier and Shipper, the Shipper will be able to request the site is given an AQ of 1.

The modification proposes a number of criteria for a site to trigger the removal of vacant status and exit the process. These exit criteria include, a change of Shipper or Supplier including when a Supplier of Last Resort¹² (SoLR) event takes place, submission of settlement data relating to a change in usage, request for isolation or a valid notification of a meter installation, removal or exchange for the vacant site. In this event, settlement performance obligations, commodity costs, daily allocation and UIG will recommence. A vacant site will only need to meet one of the criteria specified above to exit.

UNC Panel¹³ recommendation

At the UNC Panel meeting on 14 December 2023, a majority of the UNC Panel considered that UNC0819 would better facilitate the UNC objectives and the Panel unanimously recommended its approval. The Panel consider that UNC0819 will better facilitate relevant objective (d).

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR)¹⁴ dated 14 December 2023. We have considered and taken into account the responses to the industry consultation on the modification proposal which are attached to the FMR.¹⁵

We have concluded that:

¹² Supplier of Last Resort is defined in UNC [TPD Section G - Supply Points](#)

¹³ The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules.

¹⁴ [0819 Final Modification Report](#)

¹⁵ UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at <https://www.gasgovernance.co.uk/>

- Implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the UNC.¹⁶
- Directing that the modification be made is consistent with our principal objective and statutory duties.¹⁷

Reasons for our decision

We consider this modification proposal will better facilitate UNC objective (d) and has a neutral impact on the other relevant objectives.

(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; and/or

(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers

The Proposer believes that relevant objective (d) will be better facilitated by giving Shippers the ability to reduce transportation costs to reflect real time usage and ensure they are not paying unnecessary costs. The Proposer highlights that this may be of particular benefit to smaller parties who may not have access to cashflow levels to meet any unnecessary costs.

The majority of consultation respondents were in favour of this modification with many highlighting the benefit to smaller parties. One respondent highlighted the need for robust oversight and monitoring by the UNC's PAC and Performance Assurance Framework Administrator (PAFA)¹⁸. Further, the respondent also noted that this monitoring and oversight would be essential in providing confidence for all parties that the vacant site process is being followed correctly. The respondent added that without the necessary monitoring in place, sites may appear vacant when in actuality there is some consumption at the site. Panel members

¹⁶ As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, available at: [Licences and licence conditions | Ofgem](#)

¹⁷ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Gas Act 1986 as amended.

¹⁸ Performance Assurance Framework Administrator as defined in [TPD Section V - General 16.9.1](#)

noted that draft Performance Assurance Report Register (PARR)¹⁹ reports were included with the modification proposal documentation and illustrate how this process would be monitored, however, it was highlighted that these need to be finalised prior to the implementation date.

Another respondent to the consultation stated that the approval and subsequent implementation of this modification will improve the fairness of the Performance Assurance Framework (PAF)²⁰ by removing a perceived 'degree of unfairness' towards parties whose portfolio may contain higher numbers of vacant sites compared to their peers.

We support the Proposer and consultation respondents' views that this modification will provide benefits to Shippers in particular smaller parties by reducing their exposure to unnecessary costs. This is also likely to result in a drive for settlement improvement at sites where it may be clear that a meter read cannot be obtained, as the Shipper is likely to be incentivised to follow the vacant site process to obtain the benefits.

Smart Metering

Currently some of the benefits this modification will provide to traditional meters are already available to smart meters, Suppliers should continue to place priority on the smart meter rollout as the primary method for achieving these benefits. This modification will not affect Supplier smart meter rollout targets, however, does highlight the benefits that smart meters bring to Shippers and Suppliers immediately and without the need for code modifications.

Furthermore, this modification will bring gas settlement in line with the current rules for vacant sites in electricity settlement which has been available since before the smart meter rollout began.

UNC Modification 0282/0282A

We previously rejected implementation of UNC modification 0282 and 0282A which sought to introduce a similar process into the UNC as set out in UNC0819. Our rationale for this was a

¹⁹ Performance Assurance Report Register as defined in [TPD Section V - General 16.7.1](#)

²⁰ Performance Assurance Framework as defined in [TPD Section V - General 16.1.1](#)

lack of reporting and oversight proposed in the solutions outlined in those modifications and the licence requirement for regular meter inspections which was active at the time. These issues also resulted in a lack of support from consultation respondents and the UNC Panel members.

We believe the proposed reporting which has been included with this modification will provide acceptable oversight and monitoring of this process and will provide a sufficient level of confidence in Shippers correctly putting sites into the process. This will also address the requirement for ongoing monitoring of sites once they enter into the process which addresses previous concerns.

Following the 2016 publication of our decision reforming Suppliers' meter inspection obligations,²¹ our decision at that time was to repeal the two-yearly meter inspection licence conditions in gas in their entirety. This decision was made on the basis that we considered other legal obligations to be more effective and efficient tools for achieving the relevant policy objectives. The removal of this requirement presents an opportunity for the creation of a vacant site process to be reconsidered, and the issues that led to the rejection of the previous modification proposal have been addressed or are no longer applicable. We believe the requirement for Shippers to evidence attempts to visit vacant sites every six months as part of the vacant status guidance, once a site achieves vacant status, will continue to encourage increased monitoring of these meters. This may even result in increased monitoring of these sites compared to the current arrangements.

Decision notice

In accordance with Standard Special Condition A11 of the Gas Transporters licence, the Authority hereby directs that modification proposal UNC0819: Establishing/Amending a Gas Vacant Site Process be made.

Michael Walls

Head of Smart Metering and Retail Market Operations

²¹ [Decision on reforming suppliers' meter inspection obligations](#)

Signed on behalf of the Authority and authorised for that purpose