

Modification proposal:	Independent Gas Transporter Uniform Network Code (IGT UNC) 0168: Establishing/Amending a Gas Vacant Site Process		
Decision:	The Authority ¹ directs ² that this modification be made		
Target audience:	IGT UNC Panel, Parties to the IGT 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 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

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](#)

modification. However, use of this is dependent on access to the site and may not be available in all cases.

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 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 IGT0168: Establishing/Amending a Gas Vacant Site Process was raised by Centrica ("the Proposer") in September 2022. The modification proposes that once a site has met proposed Vacant criteria, as established by UNC modification 0819⁹, the Shipper is given the ability to contact the Central Data Service Provider (CDSP) to remove Settlement Performance Obligations and stop Large Transporter Transportation Costs while the site is in a Vacant status.

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 Document¹⁰ to CDSP to be placed into the vacant site process. However, if the CDSP holds 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 [UNC Modification 0819](#)

¹⁰ 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 include: a change of Shipper or Supplier including when a Supplier of Last Resort¹¹ (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.

IGT UNC Panel¹² recommendation

At the IGT UNC Panel meeting on 22 December 2023, a majority of the IGT UNC Panel unanimously considered that 0168 would better facilitate the IGT UNC objectives and the Panel therefore recommended its approval.

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 22 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.¹³

We have concluded that:

¹¹ Supplier of Last Resort is defined in UNC [TPD Section G - Supply Points](#)

¹² The IGT UNC Panel is established and constituted from time to time pursuant to and in accordance with the iGT UNC Modification Rules

¹³ IGT UNC modification proposals, modification reports and representations can be viewed on the iGT UNC website at <http://www.igt-unc.co.uk/>

- Implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the IGT UNC.¹⁴
- Directing that the modification be made is consistent with our principal objective and statutory duties.¹⁵

Reasons for our decision

We consider this modification proposal will better facilitate IGT UNC objectives (d) and (f) 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 between relevant shippers and between relevant suppliers

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.

Consultation respondents were in favour of the modification with one respondent noting that it will provide a proportionate solution to the problems posed by vacant sites. We agree with the respondents' position as the process mirrors the solutions already available within the electricity industry under BSC 196.

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 a meter read cannot be obtained, as the Shipper is likely to be incentivised to follow the vacant site process to obtain the benefits.

¹⁴ As set out in Standard Condition 9 Gas Transporters Licence, available at: [Licences and licence conditions | Ofgem](#)

¹⁵ 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.

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 suppliers smart meter rollout targets; however, it does highlight the benefits smart meters brings 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 the modifications noted above which sought to introduce a similar process into the UNC as set out in UNC Modification 0819. Our rationale for this was a lack of reporting and oversight proposed in those solutions 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 Panel members.

We believe the proposed reporting which has been included with this modification will provide sufficient oversight and monitoring of this process and will provide a sufficient level of confidence in Shippers correctly entering sites into this 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 obligations¹⁶, 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

¹⁶ [Decision on reforming suppliers' meter inspection obligations](#)

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 visits to 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.

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 referred to in paragraphs 2 and 5 respectively of this condition

The proposer states that IGT modification 0168 will better support relevant objective (f) by ensuring that IGT sites are not excluded from UNC modification 0819 and the full solution will be implemented within the IGT UNC, mirroring what will be contained within the UNC.

One consultation respondent highlighted that if IGT modification 0168 was not approved and implemented it may result in increased costs for the implementation of UNC modification 0819 due to the need to exclude IGT sites.

We support the Proposer's position that by aligning codes it will ensure that Shippers can benefit from the vacant site process whether the site sits with an IGT or GT. Our opinion is that relevant objective (f) will be better achieved by ensuring that there is no requirement to exclude IGT sites upon implementation of UNC 0819.

Decision notice

In accordance with Standard Condition 9 of the Gas Transporter Licence, the Authority hereby directs that modification proposal IGT UNC 0168: Establishing/Amending a Gas Vacant Site Process be made.

Michael Walls

Head of Smart Metering and Retail Market Operations

Signed on behalf of the Authority and authorised for that purpose