ASSESSMENT REPORT for Modification Proposal P196
'Treatment of Long Term Vacant Sites in Settlements'

Prepared by: P196 Modification Group

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This document has been distributed in accordance with Section F2.1.10 of the Balancing and Settlement Code.[1]

Proposed Modification P196 seeks to allow Non-Half Hourly (NHH) Long Term Vacant sites to be treated equitably in Settlements. Currently, many NHH Long Term Vacant sites are being settled on non-zero Estimated Annual Consumptions (EACs). This does not reflect the true consumption of these sites, which is zero as they are vacant. Under P196, the Settlement rules would be amended for NHH Long Term Vacant sites so that a zero EAC would be applied to these sites. This would mean that NHH Long Term Vacant sites would be treated equitably in Settlements as the amount of energy settled would reflect the expected consumption on the site.

MODIFICATION GROUP'S RECOMMENDATIONS

The P196 Modification Group invites the Panel to:

- **AGREE that Proposed Modification P196 should be made;**
- **AGREE a provisional Implementation Date for Proposed Modification P196 of 22 February 2007 if an Authority decision is received on or before 21 August 2006, or 28 June 2007 if the Authority decision is received after 21 August 2006 but on or before 19 December 2006;**
- **AGREE the draft legal text for Proposed Modification P196;**
- **AGREE that Modification Proposal P196 be submitted to the Report Phase; and**
- **AGREE that the P196 draft Modification Report be issued for consultation and submitted to the Panel for consideration at its meeting of 13 April 2006.**

[1] The current version of the Code can be found at http://www.elexon.co.uk/bscrelateddocs/BSC/default.aspx.

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SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

As far as the Modification Group has been able to assess, the following parties/documents would be impacted by P196.

Please note that this table represents a summary of the full impact assessment results contained in Appendix 5.

Parties		Sections of the BSC		Code Subsidiary Documents	
Distribution System Operators	☒	A	☐	BSC Procedures	☒
Generators	☐	B	☐	Codes of Practice	☐
Interconnectors	☐	C	☐	BSC Service Descriptions	☐
Licence Exemptable Generators	☐	D	☐	Party Service Lines	☒
Non-Physical Traders	☐	E	☐	Data Catalogues	☐
Suppliers	☒	F	☐	Communication Requirements Documents	☐
Transmission Company	☐	G	☐	Reporting Catalogue	☐
Party Agents		H	☐	**Core Industry Documents**	
Data Aggregators	☐	I	☐	Ancillary Services Agreement	☐
Data Collectors	☒	J	☐	British Grid Systems Agreement	☐
Meter Administrators	☐	K	☐	Data Transfer Services Agreement	☐
Meter Operator Agents	☐	L	☐	Distribution Codes	☐
ECVNA	☐	M	☐	Distribution Connection Agreements	☐
MVRNA	☐	N	☐	Distribution Use of System Agreements	☐
BSC Agents		O	☐	Grid Code	☐
SAA	☐	P	☐	Master Registration Agreement	☒
FAA	☐	Q	☐	Supplemental Agreements	☐
BMRA	☐	R	☐	Use of Interconnector Agreement	☐
ECVAA	☐	S	☒	**BSCCo**	
CDCA	☐	T	☐	Internal Working Procedures	☐
TAA	☐	U	☐	**BSC Panel/Panel Committees**	
CRA	☐	V	☐	Working Practices	☐
SVAA	☐	W	☐	**Other**	
Teleswitch Agent	☐	X	☒	Market Index Data Provider	☐
BSC Auditor	☒			Market Index Definition Statement	☐
Profile Administrator	☐			System Operator-Transmission Owner Code	☐
Certification Agent	☐			Transmission Licence	☐
Other Agents					
Supplier Meter Registration Agent	☐				
Data Transfer Service Provider	☐				

1 EXECUTIVE SUMMARY

The key conclusions of the P196 Modification Group ('the Group') are outlined below.

The Group:

- **AGREED** by **MAJORITY** that the Proposed Modification of setting the EAC to zero for Long Term Vacant sites would better facilitate the achievement of Applicable BSC Objectives (c) and (d);
- **AGREED** an Implementation Date for the Proposed Modification of 22 February 2007 if an Authority decision is received on or before 21 August 2006, or 28 June 2007 if the Authority decision is received after 21 August 2006 but on or before 19 December 2006**;**
- **AGREED** that the draft legal text delivers the intended solution for the Proposed Modification;
- **CONSIDERED** two potential alternative solutions of setting the AA to zero for Long Term Vacant sites and defining a new Measurement Class for Long Term Vacant sites such that any Metering Systems registered to this new Measurement Class would have their consumption excluded from Settlement but **AGREED** by **MAJORITY** that neither of these solutions would better facilitate the Applicable BSC Objectives compared to the Proposed Modification;
- **NOTED** that the central implementation costs for the Proposed Modification were estimated to be £11,200 equating to 51 ELEXON man days, if P196 were delivered as a standalone project and £2,420 equating to 11 ELEXON man days, if P196 were delivered as a part of a scheduled release;
- **AGREED** by **MAJORITY** the process for Long Term Vacant sites as set out in Section 2;
- **AGREED** that it would be up to individual Suppliers to determine whether to treat sites as Long Term Vacant, however, if they do then they must follow the specified rules set out developed;
- **AGREED** that the participants would need to keep an audit trail of any actions taken in respect of Long Term Vacant sites;
- **NOTED** the impact of the solution for Long Term Vacant sites on Party and Party Agent systems;
- **AGREED** by **MAJORITY** that the solution was compatible with other Settlement processes;
- **AGREED** by **MAJORITY** that there was no significant impact of this solution on performance measures;
- **AGREED** that the high level requirements should be drafted in the Code and the detail of the process in a Code Subsidiary Document; and
- **AGREED** that there are no interactions with advances in technology such as Automatic Meter Reading.

A description of the P196 solution is provided in Section 2. Further information regarding the Group's discussions of the areas set out in the P196 Terms of Reference is contained in Section 3, including details of the Group's recommended implementation approach and the estimated implementation costs/perceived cost-benefits of P196.

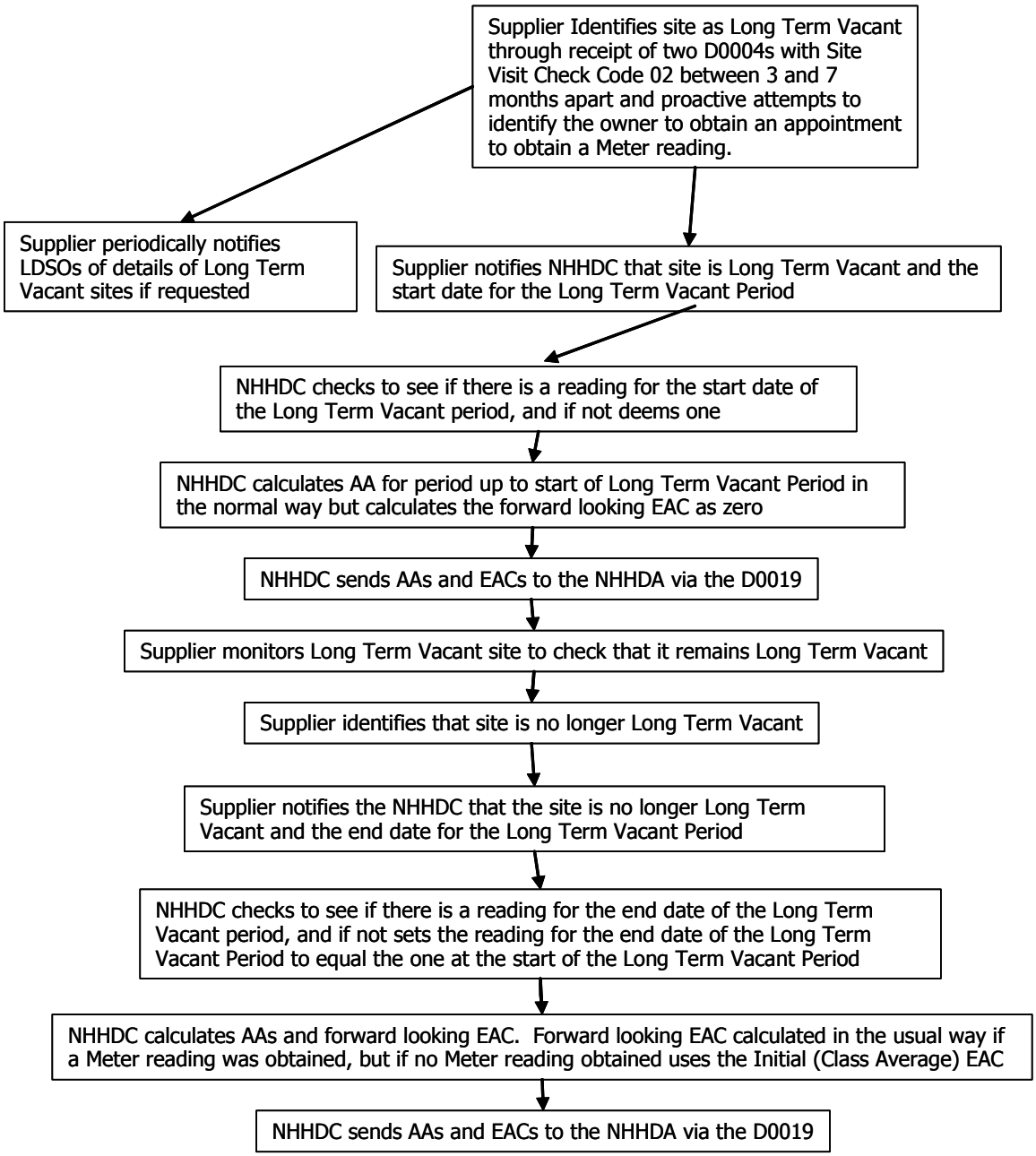
A summary of the Group's views regarding the merits of the Proposed Modification can be found in Section 4. A copy of the Group's full Terms of Reference can be found in Appendix 3, whilst a summary of the responses to the Assessment Procedure consultation and impact assessment can be found in Appendix 4 and Appendix 5 respectively.

2 DESCRIPTION OF MODIFICATION

This section outlines the solution for the Proposed Modification as developed by the Modification Group.

For a full description of the original Modification Proposal as submitted by E.ON ('the Proposer'), please refer to the P196 Initial Written Assessment (IWA).

2.1 Process Diagram



2.2 Overview

The Long Term Vacant site process would have a number of parts as follows:

- Criteria for defining a site as Long Term Vacant;
- The date for the start of the Long Term Vacant period;
- The process for informing the NHHDC that a site qualified for Long Term Vacant treatment;

- The process that would need to be followed by the NHHDC when a site is identified as Long Term Vacant;
- Periodic checks to confirm Long Term Vacant status;
- The process for identifying that a site no longer qualifies for Long Term Vacant treatment;
- The date for the end of the Long Term Vacant period;
- The process for informing the NHHDC that a site no longer qualifies for Long Term Vacant treatment; and
- The process that the NHHDC would need to follow when a site is identified as re-occupied.

These requirements are detailed in the following sections.

2.3 Scope of Solution

This solution only applies to Non-Half Hourly Metered Long Term Vacant sites.

It will be up to the Supplier whether it uses the P196 process. If a Supplier chooses to use the process then it will have to complete (or instruct its Supplier Agents to complete) all of the requirements detailed below.

It should also be noted that this Modification applies equally for Credit and Pre-payment Meters.

2.4 The Criteria that Would be Used to Define a Site as Long Term Vacant

2.4.1 Modification Group's Initial Discussions

The Modification Proposal stated that the criteria that would be used to identify a site as Long Term Vacant would be the following:

- The receipt by the Supplier of two D0004 'Notification of Failure to Obtain Reading' Flows from the Non Half Hourly Data Collector (NHHDC) at least [three] months apart, with check Code 02 'Site not occupied' in the Site Visit Check Code (J0024) data item, or the creation of a new Check Code if 02 is not appropriate;
- A site where there have been attempts to determine if it is Long Term Vacant or not; and
- A site that is energised according to the Supplier Meter Registration Service (SMRS).

The Group discussed each of these criteria in turn:

2.4.1.1 Receipt of two D0004s at least three months apart with Site Visit Check Code 02

The Group believed that the receipt of D0004s with a Site Visit Check Code of 02 would be an indication that the site was vacant. The Group felt that there would need to be a minimum of two D0004s with this Site Visit Check Code as a criterion for the site being Long Term Vacant. The Group discussed the minimum length of time that would be allowed between the two D0004s before the site could be considered as Long Term Vacant and concluded that it was appropriate that the minimum timescale between the two D0004s should be three months, as any shorter timescale could pick up sites that are only vacant for a short period of time as opposed to Long Term Vacant sites.

The Group also discussed whether there should be a maximum time period allowed between the two D0004s. The Group concluded that if there was not a maximum limit, sites that are holiday homes could mistakenly be classified as Long Term Vacant as two D0004s, one year apart could meet the criteria. The Group therefore felt that it was appropriate to set a maximum time limit between the two D0004s. The Group felt that the maximum time limit between the D0004s should be seven months. This would then take into account Suppliers who had read cycles of six months. The Group noted that Suppliers that had annual read cycles would need to change their read cycles to be able to take advantage of the Long Term Vacant

site solution. However, the Group believed that if these Suppliers wanted to take advantage of the Long Term Vacant site solution then it was appropriate that they changed the read cycle for these sites.

The Group noted that a number of respondents to the initial impact assessment stated that the time periods between the receipts of the D0004s were unclear, i.e. if sites are read monthly and two D0004s were received with Site Visit Check Code 02 three months apart, whether these would qualify for Long Term Vacant site treatment. The Group agreed that to qualify for Long Term Vacant treatment, there would have to be at least two D0004s with Site Visit Check Code 02 in the three month time period. For sites that are read monthly, this may mean that four D0004s would be received in the three month period. Provided that all these contained Site Visit Check Code 02, the site would meet this criterion for Long Term Vacant status after three months.

The Group also agreed that a site would not meet the criteria for Long Term Vacant status if a D0004 with a Site Visit Check Code of anything other than 02 or any data flow containing the J0040 'Register Reading' data item was received (indicating that the Meter had been read) between D0004s with Site Visit Check Code of 02. This would apply equally to sites that are read on a monthly basis and those that are read on a less frequent basis.

The Group also noted that the Site Visit Check Code 02 is currently used inconsistently and particularly confused with the Site Visit Check Code 20 'No access'. The Group discussed whether a new Site Visit Check Code should be defined for Long Term Vacant sites. However, they concluded that this would not be necessary, and that rewording the current check codes and further education would suffice.

The Group also discussed whether the additional information field on the D0004 should be completed with information on why the code 02 had been used but concluded that this is not necessary providing additional guidance on the Site Visit Check Code 02 was provided. The Proposer noted that this issue had been raised by E.ON to the Issues Resolution Expert Group (IREG) which is run under the auspices of the Master Registration Agreement (MRA).

The IREG discussed this issue on 1 February 2006. Feedback from NHHDCs to the IREG has indicated that NHHDCs have their own set of Site Visit Check Codes that they use in the field. These are then mapped back to the Site Visit Check Codes defined in the Data Transfer Catalogue (DTC) when the readings and their corresponding check codes are received in the office. Therefore, the provisional thinking of the IREG is that there is no need to change the Site Visit Check Codes in the DTC if the NHHDCs map their own codes to these. Instead it is proposed that guidance would be provided as to the meaning of the Site Visit Check Codes to ensure that only the appropriate categories are logged as Site Visit Check Code 02. This would ensure that NHHDCs are following clear and strong guidance to ensure their consistent use of the Site Visit Check Codes. The IREG is currently working with various industry groups containing NHHDCs to assess the appropriateness of this recommendation. IREG's proposal is that any guidance would be in the form of a new MRA owned Working Practice. It should be noted that any new Working Practice would have to be approved by the MRA Development Board (MDB). Some members of the Group felt that the success of this solution is contingent upon the effective and accurate usage of the D0004 flow by NHHDCs.

The Group also noted that there is a requirement in the Supplier Licence that Suppliers should inspect Meters every two years. P196 would not override this requirement in the Supplier Licence. It should however be noted that this Licence requirement is on a reasonable endeavours basis. Some members of the Group felt that reasonable endeavours would include attempting to obtain a warrant to gain entrance to the property to read the Meter.

2.4.1.2 Attempts to Identify Whether the Site is Long Term Vacant or not

The Group discussed whether it is appropriate to rely completely on the receipt of D0004s with Site Visit Check Code 02 to identify a site as Long Term Vacant. Some members of the Group believed that the receipt of the two D0004s would be enough to identify the site as Long Term Vacant, and that this would make the process easier to audit. Other members of the Group felt that the receipt of D0004s with Site Visit

Check Code 02 was not enough and that the Supplier should make other attempts to identify the owner of the site and attempt to gain access. The Group therefore concluded that the Supplier should make other proactive attempts to identify the owner of the site and obtain a Meter reading.

The Group agreed that an example of the things that a Supplier could do as proactive attempts to identify the owner of a site would be provided as guidance (such as checking with the Land Registry or council to attempt to identify the owner, or checking whether similar issues exist on the gas side where the Supplier supplies both gas and electricity to the premises) and that the Supplier must do at least one of these things, or something else equivalent before a site could be identified as Long Term Vacant.

The Group discussed whether the things that a Supplier could do proactively to attempt to identify the owner of the site and gain access should be prioritised, but concluded that this was not appropriate as it would be difficult to say that a Supplier could not use the Long Term Vacant site solution if they had not carried out 'priority 1' but had carried out 'priority 2 and 3'. Therefore prioritising the activities would simply add complexity to the process with no benefit.

The Group discussed whether to include the criteria that bills are not being paid as one that needs to be satisfied before a site can be considered as Long Term Vacant. The Group agreed that this should not be part of the criteria, since bills could still be being paid, particularly by direct debit for Long Term Vacant sites. The Group also noted that Suppliers are not likely to issue bills to sites that they consider to be Long Term Vacant.

2.4.1.3 A Site that is Energised According to the Supplier Meter Registration Service (SMRS).

The Group agreed that a site had to be energised according to the SMRS for it to be considered as Long Term Vacant on the basis that if the site was de-energised, it is excluded from Settlement.

2.4.2 Views of Respondents to Assessment Procedure Consultation

Two respondents stated that they believed that the maximum timescale allowed between the two D0004s with Site Visit Check Code 02 should be lengthened to include sites that are read on yearly cycles.

One respondent stated that the proposed identification of a Long Term Vacant site appears weak, lacking rigour and incomplete.

2.4.3 Modification Group's Conclusions

The Modification Group discussed the comment related to the timescales between the two D0004s, however the majority felt that it is appropriate that this timescale remains as 7 months to ensure that sites such as holiday homes are excluded from Long Term Vacant site provisions. The Group noted that the process would be available to all Suppliers however, those on yearly read cycles would have to attempt to read Long Term Vacant sites more often to allow them to take advantage of the process. Some members of the Modification Group felt that seven months was too short a timescale to label a site as Long Term Vacant.

One member of the Modification Group raised concerns regarding the appropriateness of the criteria and whether the process could potentially be misused. This member stated that his company had undertaken some analysis and found that a significant number of sites accounting for a proportionally large percentage of consumption met the criteria agreed by the Group although they were not actually Long Term Vacant. This member stated that in their business, 1.27% of their portfolio by EAC or 0.06% of individual meter points have been identified as either currently or historically qualifying for Long Term Vacant status in-correctly by applying the criteria developed by the Group. For these sites, two or more D0004s with Site Visit Check Code 02 have been received not less than three months apart and not more than seven months apart. The NHHDC has been unable to gain access to obtain a read yet the owner / occupier is known and the NHHDC has requested the customer provides reads or allows access which the customer has failed to do. This means that the sites fulfil the criteria for Long Term Vacant, however the Group member knows that there is consumption on these sites. This Group member noted that further information relating to the

source of these figures could be submitted to The Authority if required. Another member of the Group stated that his company had undertaken some analysis and found the number of sites meeting the criteria was a conservative estimate of the total number of sites in their portfolio that were thought to be Long Term Vacant. Another member concurred with this statement.

Following the final Modification Group meeting, a number of members of the Group felt that if a Supplier knew that a site was consuming energy, then it should not be flagged as a Long Term Vacant site.

Another member of the Group stated that if the criteria only relied on the receipt of D0004s, then a large number of sites could be incorrectly classified as Long Term Vacant. However, added assurance was provided by the other proactive checks carried out by the Supplier to attempt to identify the owner of the property and obtain a Meter reading. Therefore the Group agreed that these proactive checks to identify the owner of the site and obtain a Meter reading were important. The Group agreed that there should be a robust process in place and so it is important that these checks are included as part of the criteria.

The majority of Modification Group members were happy to set the criteria for a Long Term Vacant site as fulfilling the criteria discussed. A minority felt that the criteria discussed were not robust.

A member of the Group questioned what would happen if a D0004 with no Site Visit Check Code was received. The Group agreed that a D0004 with no Site Visit Check Code is an incomplete D0004 and gives no indication as to the current status of the supply. It was noted that this should not occur in practice as the Site Visit Check Code is a mandatory data item on the D0004. The Group agreed that if this did occur, the D0004 should be disregarded for the purpose of the Long Term Vacant site solution. The Supplier would need to ensure that they received two D0004s with Site Visit Check Code 02 at least three months apart and not more than seven months apart, which may result in the need to arrange a special read in order for this to occur.

2.4.4 Solution

The majority of the Modification Group agreed that the Supplier would identify that a site is Long Term Vacant using the following criteria:

1. One that is energised according to the Supplier Meter Registration Service (SMRS);
2. One where the Data Collector is unable to gain access to the property to read the Meter;
3. One where the Supplier has received from the NHHDC at least two D0004 'Notification of Failure to Obtain a Reading' data flows, at least 3 months apart and not more than 7 months apart with the Site Visit Check Code data item (J0024) populated with code 02 'Site not Occupied'. The Supplier must also check that no data flows containing the J0040 'Register Reading' data item have been received or any D0004s with a Site Visit Check Code of anything other than 02 have been received between the two D0004s with the code 02. If this had occurred then condition (3) would not have been satisified. If any flows with no Site Visit Check Code had been received these would be excluded for the purposes of the Long Term Vacacnt Solution.
4. The Supplier must have proactively made attempts to identify the owner of the property and attempted to obtain a reading. The following could be seen as proactive attempts to identify the owner of the property and attempting to obtain a reading:
    - Checks to see whether the same issues occur for gas (noting that this is only possible where the Supplier supplies both gas and electricity to the property, and that gas Meters can often be found on the outside of the property); or
    - Attempts have been made to contact such bodies as estate agents, letting agents, councils, the land registry etc to find out who the owner is. Where an owner has been identified, attempts have been made to contact the owner and obtain a reading without success.

The Supplier would have to do one of the above (or something similar) to satisfy condition (4). The Supplier would need to keep records of this as it would be audited.

The majority of the Group agreed that for the site to be considered as Long Term Vacant, before the process for the treatment of Long Term Vacant sites can be applied, conditions (1) to (4) above must be satisfied. The majority of the Group also agreed that a site would not be considered as Long Term Vacant if the Supplier was aware of consumption on that site, even if it met conditions (1) to (4) above. To ensure that it is possible for the solution to be audited, the Supplier must maintain an audit trail of the checks that it has made to confirm that these conditions have been satisfied for any sites identified as Long Term Vacant.

2.5 The Date for the Start of the Long Term Vacant Period

2.5.1 Modification Group's Initial Discussions

The Group discussed the date that should be used for the start date of the Long Term Vacant site period. The Group agreed that in most cases, the date used would be the date of the first D0004 with Site Visit Check Code 02. The Group agreed that there would be one exception to this rule. This would be where a customer had closed its account shortly before the first D0004 with Site Visit Check Code 02. The Group believed that where this had occurred and following the closure of the account the site appeared to be vacant, the likelihood was that the site had been vacant from when the last registered customer had moved out.

The Group agreed for the date that a customer had closed its account to be used as the start date for the Long Term Vacant site period. This would be defined as 'a notification by the customer to the Supplier that it is vacating the site, which would be accompanied by a valid Meter reading'.

The Group also felt that there should be a maximum time limit between the date that the customer closed its account and the date of the first D0004 with Site Visit Check Code 02, should this date be used for the start date of the Long Term Vacant period. The Group believed that the date that the customer closed its account would have to be within seven months of the date of the first D0004 with Site Visit Check Code 02. This would be consistent with the requirement that attempts should be made to obtain a Meter reading at least once every 7 months. If the date that the customer closed its account was more than seven months before the date of the first D0004 with Site Visit Check Code 02, the date of the first D0004 with Site Visit Check Code 02 would be used as the date for the start of the Long Term Vacant site period.

2.5.2 Views of Respondents to Assessment Procedure Consultation

One respondent to the consultation believed that the date that a customer closed its account should only be used for the start date for the Long Term Vacant period if it was within four months of the date of the first D0004 with Site Visit Check Code 02.

Another respondent questioned what would happen if a D0004 with a Site Visit Check Code of anything other than 02 or a data flow containing the J0040 'Register Reading' data item was received between the date that a customer closed its account and the D0004 with a Site Visit Check Code 02.

2.5.3 Modification Group's Conclusions

The Group believed that the use of the date that a customer closed its account as the date of the start of a Long Term Vacant period should have a consistent timescale between it and the receipt of the first D0004 with Site Visit Check Code 02, as the length of time between the two D0004s with Site Visit Check Code 02 that would be used to identify the site as Long Term Vacant. The Group agreed that this timescale should be seven months. One Modification Group member initially stated a preference for a 4 month timescale noting that a shorter timescale would reduce the risk of an occupied site incorrectly being treated as Long Term Vacant, however felt that the 7 month timescale would be acceptable.

The Group agreed that if a D0004 with a Site Visit Check Code of anything other than 02 or a data flow containing the J0040 'Register Reading' data item was received between the date that a customer closed its account and the first D0004 with a Site Visit Check Code 02, then the start date for the Long Term Vacant site would be the date of the first D0004. The Group noted that a D0004 with no Site Visit Check Code would not impact the Long Term Vacant status, however, such cases should not be occurring as the Site Visit Check Code on the D0004 is a mandatory data item.

2.5.4 Solution

The date for the start of the Long Term Vacant period has been defined as the earlier of the following:

- The date of the first D0004 with Site Visit Check Code 02; or
- The date that a customer closed its account provided that this is no more than seven months before the date of the first D0004 with Site Visit Check Code 02 and that no D0004s with Site Visit Check Code of anything other than 02 or a data flow containing the J0040 'Register Reading' data item have been received between the date that a customer closed its account and the date of the first D0004 with Site Visit Check Code 02.

2.6 How the NHHDC Would be Informed that a Site Qualified for Long Term Vacant Treatment.

2.6.1 Modification Group's Initial Discussions

The Group discussed how the NHHDC would know that a site qualified for Long Term Vacant site treatment. The Group agreed that the Supplier would have to determine that a site qualified for Long Term Vacant site treatment. The Group initially agreed that the Supplier would notify the NHHDC that a site qualified for Long Term Vacant site treatment by a manual method.

A number of responses to the initial impact assessment indicated that it would be useful if the NHHDC was informed that a site qualified for Long Term Vacant site treatment by the Supplier sending the D0052 'Affirmation of Metering Settlement Details' to the NHHDC containing a zero EAC. Some members of the Modification Group agreed with respondents to the initial impact assessment that the processes should be more automated than manual, and that the D0052 should be used in this scenario. Other Group members felt that since this process is proposed as optional on Suppliers, the method that a Supplier chooses to use to inform the NHHDC that the site is Long Term Vacant should be agreed between the Supplier and the NHHDC.

2.6.2 Views of Respondents to Assessment Procedure Consultation

Specific questions were included in the consultation document and second impact assessment request, asking Parties and Party Agents whether the notification from the Supplier to the NHHDC should be using a manual method or using the D0052. Respondents were also asked whether use of the D0052 should be mandatory or optional. The majority of respondents to the consultation believed that it should be mandated that this notification should be carried out using the D0052. One respondent to the consultation believed that notification of Long Term Vacancy should be down to the contractual arrangements between the Supplier and the NHHDC. Of the eight respondents to the impact assessment, six of these also responded to the consultation. The questions in the impact assessment were a subsection of those contained in the consultation. Of the two respondents to the impact assessment who did not respond to the consultation, neither were impacted by the notification of Long Term Vacancy status to the NHHDC, and so did not have a view on whether this should be carried out using the D0052 or a manual method.

One respondent to the consultation felt that a D0005 'Instruction on Action' should be sent from the Supplier to the NHHDC alongside the D0052 so that the NHHDC could be informed that the site is being treated as Long Term Vacant, and this is the reason that they have received a D0052 containing a zero EAC.

2.6.3 Modification Group's Conclusions

The Group agreed with the majority of the consultation responses that this notification should be carried out using the D0052, and this should be mandatory by those Suppliers wishing to carry out the process. The Group added a caveat that this should be consistent with all other similar steps in Balancing and Settlement Code Procedures (BSCPs) in as much as the method of communication should be 'electronic or other method, as agreed'. The Group noted that the use of the D0052 would make the step easier to Audit.

The Group discussed whether the D0005 should be sent along side the D0052 from the Supplier to the NHHDC to notify the NHHDC that the site is being treated as Long Term Vacant to add clarity. Alternatively, an indicator could be added to the D0052 flow so that the NHHDC would know that the site is being treated as Long Term Vacant.

The Group agreed that the D0005 should not be sent in parallel with the D0052 to notify the NHHDC that the site is being treated as Long Term Vacant, as this may cause more confusion if there is a time lag between the receipt of the D0052 and the receipt of the D0005 by the NHHDC.

The Group agreed that an indicator should not be added to the D0052 as this would make the use of the D0052 more complex. The Group noted that as the D0052 is sent in a number of scenarios, the majority of which would not be in relation to Long Term Vacant sites. It was also noted that if a change was made to the D0052, all users of the D0052 would have to make this change, whether or not they used the Long Term Vacant site solution. This would increase the cost of the Proposed Modification.

The Group suggested that a rule could be added to the DTC on the use of the D0052 to say that if a D0052 is received by a NHHDC with only the EAC and the Effective From Date of the EAC changed, then the NHHDC should assume that this has been sent to start or end a Long Term Vacant site period. The Group queried whether the NHHDC receiving a D0052 containing a zero EAC would accept the instruction or reject it on validation. It was believed that the file would not be rejected. Therefore the Group agreed that there was no need to put any special provisions in place for this notification. It was highlighted that Suppliers should be communicating with their Agents frequently and therefore if the NHHDC was concerned regarding the receipt of the D0052 they could clarify with the Supplier that this was a valid instruction. The Group agreed that there was a risk that the NHHDC would not be able to identify where a zero EAC had been sent in error, but noted that the NHHDC should act on instructions from the Supplier and that this was no different to the current situation.

2.6.4 Solution

Once the Supplier has identified that a site meets the Long Term Vacant criteria defined above and has determined the date for the start of the Long Term Vacant period, the Supplier would instruct the NHHDC to enter a zero EAC into Settlement for the Metering System from the start date of the Long Term Vacant period. This instruction would be carried out by use of the D0052 'Affirmation of Metering System Settlement Details'.

2.7 The Process that Would Need to be Followed when a Site is Identified as Long Term Vacant

2.7.1 Modification Group's Discussions

No specific issues were discussed by the Modification Group in relation to this stage of the process.

2.7.2 Views of Respondents to Assessment Procedure Consultation

No specific comments were received to the Consultation in relation to this stage of the process.

2.7.3 Solution

Once the NHHDC has been informed that a site is Long Term Vacant and the date that the site became Long Term Vacant, the NHHDC would have to check to see whether there was a Meter reading for that site for the date that it became Long Term Vacant. It is expected that there would be a Meter reading if the start date coincided with the date that a customer closed its account. If the NHHDC has no Meter reading for the date that the site became Long Term Vacant, a Meter reading would have to be deemed for this date. This would be calculated using the normal deeming rules contained in the Code Annex S-2 and BSCP504. To calculate the deemed reading, the NHHDC would take the last actual Meter reading for the site and use the corresponding EAC to deem a reading for the day before the date of the start of the Long Term Vacant period. This deemed reading would be sent to the Supplier in the normal way (using the D0010 'Meter Readings').

The NHHDC would calculate an Annualised Advance (AA) up to the date of the start of the Long Term Vacant period in the usual manner. The NHHDC would replace any EAC calculated using normal Settlement processes for the period after the start of the Long Term Vacant Period with a zero EAC. The NHHDC would send the EACs and the AAs to the NHHDA in the normal manner (i.e. using the D0019 'Metering System EAC/AA data in accordance with BSCP504, section 3.3.11).

2.8 Periodic Checks to Confirm Long Term Vacant Status

2.8.1 Modification Group's Initial Discussions

The Modification Group initially agreed that for a site to continue to be treated as Long Term Vacant, the Supplier should continue to attempt to take a Meter reading at least once every seven months (i.e. should receive a D0004 from the NHHDC at least every seven months with Site Visit Check Code 02), and continue to proactively make attempts to find out who the owner of the property is, and gain entry to take a Meter reading. The Group agreed to ask a question in the consultation as to whether seven months was an appropriate timescale.

2.8.2 Views of Respondents to Assessment Procedure Consultation

The majority of respondents to the consultation believed that this timescale is appropriate. One respondent believed that this should be shortened to four months whilst another two respondents believed that this should be lengthened to include sites that are read on yearly read cycles.

2.8.3 Modification Group's Conclusions

The Group discussed whether the timescale should be lengthened to include sites that are read on yearly cycles but agreed that this was not appropriate as they felt that leaving these sites for a year without checking that they remained Long Term Vacant would pose too great a risk to Settlement. This was because sites unoccupied at the same times each year may be mistakenly placed in the Long Term Vacant bracket. The Group felt that it would be appropriate for Suppliers with annual read cycles to change these read cycles if they want to use the Long Term Vacant site solution.

The Group noted that a D0004 with no Site Visit Check Code would not impact the Long Term Vacant status. If an incomplete D0004 was received it should be disregarded for the purpose of the Long Term Vacant site solution. The Supplier would need to ensure that it continued to receive D0004s with Site Visit Check Code 02 at least once every seven months, and may need to arrange a special read in order for this to occur.

2.8.4 Solution

The Modification Group agreed that for a site to continue to meet the Long Term Vacant criteria, the Supplier must continue to ensure that its NHHDC attempts to take a Meter reading at least every seven months. This would be confirmed by the receipt by the Supplier of a D0004 at least every seven months

with Site Visit Check Code 02. The Supplier should not lengthen the reading cycle for any Metering System for Long Term Vacant sites. It is not envisaged that many NHHDCs would have to change their Meter reading practices to fit with this requirement. The Group also agreed that the Supplier would have to continue to make proactive attempts to identify the owner of the property and gain entry to take a Meter reading for the site to continue to be treated as Long Term Vacant.

The Group also agreed that if the Supplier received a D0004 with the Site Visit Check Code data item not completed, then this D0004 would be disregarded for the purposes of the Long Term Vacant site solution.

2.9 How the Supplier would Identify that a Site no Longer Qualifies for Long Term Vacant Treatment

2.9.1 Modification Group's Discussions

The Group discussed the circumstances in which a site that had previously been identified as Long Term Vacant would no longer qualify for Long Term Vacant treatment. The Group agreed that if any data flow containing the J0040 'Register Reading' data item or a D0004 with a Site Visit Check Code of anything other than 02 was received by the Supplier (from any source), then this would end the Long Term Vacant period. The Group also agreed that a change of Supplier, or a change of tenancy[2], would also end the Long Term Vacant period. Finally the Group agreed that the Supplier would have to continue to attempt to gain access to the site for it to continue to qualify for Long Term Vacant treatment. This would include the Supplier continuing to routinely attempt to collect readings (i.e. the Supplier would routinely receive D0004s with Site Visit Check Code 02) and continuing to make proactive attempts to identify the owner of the property and obtain a reading by the methods detailed in section 2.4.4.

The Group agreed that read cycles for the Long Term Vacant sites should not be changed unless they were longer than 6 months. Therefore they agreed that to remain as Long Term Vacant, attempts should be made by the NHHDC to take a reading for these sites at least once in every seven months. The Group agreed that it would be the Supplier's responsibility to identify where a site no longer qualified for Long Term Vacant treatment. In addition, the Supplier would need to keep an audit trail that could be checked to confirm that appropriate processes were in place for identifying sites that no longer qualified for Long Term Vacant treatment.

2.9.2 Views of Respondents to Assessment Procedure Consultation

No specific comments were received to the consultation in relation to this stage of the process.

2.9.3 Solution

The Supplier would need to identify where a site would no longer qualify for Long Term Vacant treatment and notify the NHHDC accordingly. The Supplier would need to maintain an audit trail of the checks that have been carried out in their monitoring of Long Term Vacant sites and notifying the NHHDC to remove the Long Term Vacant status.

The Supplier would be required to have procedures in place to identify the following:

- That a Long Term Vacant site has not been visited for more that seven months (i.e. there would be no D0004s or data flows containing the J0040 'Register Reading' data item received for that Metering System for at least seven months); or
- That no proactive attempts have been made by it to try to find out who the owner of the property is or to obtain a Meter reading (as described in Section 2.4.4) in the seven month period from the receipt of a D0004; or

[2] Defined as the date that a new Customer moves into or takes responsibility for a premises.

- That a D0004 with a Site Visit Check Code of anything other than 02 is received; or
- That the Supplier has found or been informed of the owner of the property and has obtained a Meter reading. This would include a change of tenancy scenario.

The site would no longer qualify for Long Term Vacant treatment if a Meter reading is obtained for the site (the Supplier would be informed of this by the receipt of a data flow containing the J0040 'Register Reading' data item from the NHHDC). In this scenario, the Supplier would not have to inform the NHHDC that the site no longer qualifies for Long Term Vacant treatment as this would be identified by the NHHDC.

The site would also no longer qualify for Long Term Vacant site treatment if there was a change of Supplier.

2.10 The Date for the End of the Long Term Vacant Site Period

2.10.1 Modification Group's Discussions

No specific issues were discussed by the Modification Group in relation to this stage of the process.

2.10.2 Views of Respondents to Assessment Procedure Consultation

No specific comments were received to the consultation in relation to this stage of the process.

2.10.3 Solution

The Group agreed that since the start of the Long Term Vacant period is being defined as the date of the first D0004 with Site Visit Check Code 02, the end of the Long Term Vacant period would be defined as the following:

- Where there has been a change of Supplier or change of tenancy, then the date of the change of Supplier or change of tenancy should be used as the end date for the Long Term Vacant period;
- Where a Meter reading has been obtained, the date that the Meter reading was obtained should be used as the end date for the Long Term Vacant period.
- Where no Meter reading has been obtained (i.e. the Supplier has received a D0004 with a Site Visit Check Code of something other than 02, or the Supplier has not attempted to read the Meter or make proactive attempts to find out the owner of the premises and obtain entry to take a Meter reading) then the date of the last D0004 with Site Visit Check Code 02 would be used as the end date for the Long Term Vacant period.

2.11 How the NHHDC Would be Informed that a Site no Longer Qualifies for Long Term Vacant Treatment

2.11.1 Modification Group's Initial Discussions

The Group agreed that the Supplier would be responsible for notifying the NHHDC where a site no longer qualified for Long Term Vacant treatment. The Group initially agreed that this notification would be given manually. However, a number of respondents to the initial impact assessment stated that it would be useful if this notification was sent via the D0052.

2.11.2 Views of Respondents to Assessment Procedure Consultation

As described in section 2.6.2, the majority of respondents believed that the Supplier should notify the NHHDC that a site is Long Term Vacant or ceases to be Long Term Vacant by the use of the D0052 and that the use of this data flow should be mandatory.

2.11.3 Modification Group's Conclusions

The Group agreed with the majority of the consultation responses that this notification should be carried out using the D0052, and the use of this data flow should be mandatory for thise Suppleirs wishing to carry out the Long Term Vacant solution. The Group added a caveat that this should be consistent with all other similar steps in BSCPs in as much as the method of communication should be 'electronic or other method, as agreed'. The Group noted that the use of the D0052 would make the step easier to Audit.

2.11.4 Solution

The Supplier should notify the NHHDC where a site no longer qualifies for Long Term Vacant treatment. The notification should be given using the D0052. It should include details of the date that the site ceased to qualify for Long Term Vacant treatment and the EAC that should be applied to the Metering System going forward. The notification should be stored so that it is auditable. If the Supplier obtained a customer own Meter reading for the end of the Long Term Vacant period, this would be communicated to the NHHDC in the normal way (using the a data flow containing the J0040 'Register Reading' data item).

The NHHDC is not expected to monitor Long Term Vacant sites to determine when they become re-occupied. If the NHHDC obtains an actual Meter reading for a Long Term Vacant site, they would be expected to process this in the normal way.

2.12 The Process that Would Need to be Followed when a Site no Longer Qualifies for Long Term Vacant Treatment.

2.12.1 Modification Group's Discussions

The Modification Group discussed what would happen if the NHHDC obtained an actual Meter reading for the site. It was noted that this reading would be unlikely to show zero consumption on the site. As this would be validated using the zero EAC, it may well fail validation. The Group felt that in this scenario, the NHHDC would have to manually review the validation, and in discussion with the Supplier, may be able to allow the reading to pass validation as it is associated with a Long Term Vacant site. The Group also noted that in some scenarios, the NHHDC may need to obtain a second reading in order to validate a reading taken from a Long Term Vacant site.

If there has been a period of greater than fourteen months between the reading obtained or deemed at the start of the Long Term Vacant period and the new Meter reading obtained, a deemed Meter reading would need to be calculated at the Final Reconciliation (RF) Run boundary using the crystalised data (i.e. zero EAC). Any consumption would be settled in the fluid period i.e. the period that had not passed RF.

The Group agreed that the forward looking EAC for sites that had originally been identified as Long Term Vacant would be as follows:

- Calculated in the normal manner if a Meter reading was obtained at the end of the Long Term Vacant Period; or
- A class average EAC if no Meter reading was obtained at the end of the Long Term Vacant period.

The rationale for this is that if a Meter reading is obtained, the likelihood is that further readings would be obtained. The initial forward looking EAC may be too low as it would be based on a zero / low consumption, but as Meter readings are obtained over time, this would become more reflective of the consumption on the site. If no Meter reading was obtained then the EAC could not be calculated in the normal manner. Therefore the Group believed that in this scenario, an initial (class average) EAC should be used as the forward looking EAC. The Group agreed that the EAC proposed above could be overridden by an instruction from the Supplier to use a different EAC provided this was representative of the most likely rate of consumption.

2.12.2 Views of Respondents to Assessment Procedure Consultation

No specific comments were received to the consultation in relation to this stage of the process.

2.12.3 Solution

When the NHHDC is notified by the Supplier that the site no longer qualifies for Long Term Vacant treatment they would do the following:

- If no actual Meter reading had been obtained, the NHHDC would deem a reading for the date of the end of the Long Term Vacant period using the reading deemed at the start of the Long Term Vacant period and the zero EAC. This would effectively mean that the reading at the end of the Long Term Vacant period would be equal to the reading at the start of the Long Term Vacant period. The forward looking EAC would be the initial [class average] EAC or as instructed by the Supplier.
- If an actual Meter reading had been obtained (by the NHHDC or a Customer Own Read from the Supplier), this would be processed in the normal way. An AA would be calculated for the period prior to the Meter reading and an EAC would be calculated for the forward looking period using the normal rules for calculating AAs and EACs contained in Annex S-2 of the Code. These would be sent to the NHHDA.
- If there has been a period of greater than fourteen months between the reading obtained or deemed at the start of the Long Term Vacant period and new Meter reading obtained, a deemed Meter reading would need to be calculated at the Final Reconciliation (RF) Run boundary using the crystalised data (i.e. zero EAC) and the Meter readings would be processed using the normal rules .

2.13 Change of Supplier for Long Term Vacant sites

2.13.1 Modification Group's Initial Discussions

The Modification Group believed that where there is a change of Supplier for a Long Term Vacant site the Long Term Vacant status should end. On change of Supplier with a concurrent change of NHHDC, the new NHHDC would receive a zero EAC from the old NHHDC as part of the Meter reading history. If there is no concurrent change of NHHDC, the NHHDC will still have the zero EAC in its system. The new Supplier would need to be informed that the site was previously being treated as Long Term Vacant, so that they could ensure that an appropriate (non-zero) EAC enters Settlements for this site following the change of Supplier. The old Supplier would notify the new Supplier that the site had previously been treated as Long Term Vacant. This notification would occur via a manual method. The new Supplier would need to instruct the (new) NHHDC to replace the zero EAC with the initial (class average) EAC, either using a manual method, or by the D0052. The Group felt that this would apply to individual instances of change of Supplier and where a change of Supplier occurs for a portfolio of sites[3].

If the new Supplier wishes to treat the site as Long Term Vacant, they would have to wait until they have received two D0004s with Site Visit Check Code 02, between three and seven months apart and will have had to proactively make attempts to identify the owner of the property and obtain a Meter reading before they can initiate the Long Term Vacant site process.

2.13.2 Views of Respondents to Assessment Procedure Consultation

One respondent to the consultation stated that they were concerned about ending a period of Long Term Vacancy for portfolio sites that went through a change of Supplier as they felt that this would not further

[3] A portfolio of sites occurs where a company owns a large number of sites, e.g. a chain of shops. A portfolio site is one of the sites in the group. The company may choose to carry out a change of Supplier processes for all sites in the portfolio. Some of these may be registered as Long Term Vacant with the old Supplier.

competition in supply. The respondent felt that these sites should be treated differently to sites that are not part of a portfolio.

Another respondent stated that it had concerns about the manual process for when a Long Term Vacant site goes through a change of Supplier and the calcuation of the deemed change of Supplier reading as it felt that this is not a workable proposal.

2.13.3 Modification Group's Conclusions

The Group discussed the complexities around change of Supplier for Long Term Vacant sites in general. The Group agreed that conceptually, a change of Supplier event would end a period of Long Term Vacancy. The Group felt that on the majority of Change of Supplier events, readings would be received and so the Long Term Vacant period would end automatically. The Group felt that of the Long Term Vacant site population, the percentage of these sites that would be subject to a change of Supplier would be small, and the percentage of those where a change of Supplier occurs and a Meter reading is not obtained, would be even smaller. This would really only occur when the sites are part of a portfolio. The Group also felt that attempting to define a process for change of Supplier for a Long Term Vacant site would further complicate the change of Supplier process and felt that this would be unnecessary for the small numbers of Long Term Vacant sites that would go through the change of Supplier process.

The Group noted that there was a risk associated with not defining a process for change of Supplier for Long Term Vacant sites. This risk is that if a Long Term Vacant site is subject to a change of Supplier, then the zero EAC would remain in the (new) NHHDC's system. This would occur regardless of whether there was a concurrent change of NHHDC because, when a concurrent change of NHHDC occurs, the zero EAC would be passed to the new NHHDC. If no Meter readings are obtained, this zero EAC would enter Settlements on an ongoing basis. Since the new Supplier would not know that the site was previously categorised as Long Term Vacant, they would not know that the zero EAC had only been applied due to the Long Term Vacancy. Therefore they would not be subject to the additional obligations introduced by P196, that the zero EAC can only remain if a D0004 with a Site Visit Check Code 02 is received at least every 7 months, and they that have to proactively attempt to gain access to the site. This means that effectively the Long Term Vacant status has ended although the zero EAC could continue to be entered into Settlements indefinitely.

The Group noted that a new Supplier may become aware that a site had previously been treated as Long Term Vacant, through, for example the disputed reads process. Since the Group agreed that there should not be a process for the information regarding Long Term Vacant status to be passed from the old Supplier to the new Supplier, if the new Supplier did become aware that the site had previously been treated as Long Term Vacant, they would not need to act on this infromation.

It was thought that in practise the majority of these sites would continue to be vacant and so the EAC would reflect the consumption on site. A small percentage of these could become re-occupied following a change of Supplier without a Meter reading being taken immediately. This would mean that a zero EAC could enter Settlements for a site that is actually occupied. The majority of the Group however felt that these instances would be so rare that it was pragmatic to accept this risk rather than defining a specific process for change of Supplier in these circumstances.

2.13.4 Solution

The Group concluded that the Long Term Vacant Status would end when a change of Supplier occurs and no information regarding this status should be passed to the new Supplier or NHHDC.

2.14 Reporting Requirements to Licensed Distribution System Operators

2.14.1 Modification Group's Initial Discussions

The Group initially believed that Suppliers would need to regularly report to their associated LDSOs the sites that are categorised as Long Term Vacant. The Group believed that Suppliers and LDSOs should agree how this reporting is to take place. For example, the agreed method could be that the Supplier would send a list of the Metering System Identifiers (MSIDs) of its Long Term Vacant sites to the appropriate LDSO once a month. One respondent to the initial impact assessment believed that this reporting was not necessary, and so the Modification Group agreed to ask for views on this matter as part of the consultation.

2.14.2 Views of Respondents to Assessment Procedure Consultation

A small majority of respondents to the consultation believed that the reporting of Long Term Vacant sites to LDSOs should take place. Of the two respondents to the second impact assessment who did not respond to the consultation one of these believed that the reporting of Long Term Vacant sites to LDSOs was unnecessary.

2.14.3 Modification Group's Conclusions

The Group noted that there were LDSOs both for and against the reporting of Long Term Vacant sites to LDSOs in the consultation and impact assessments. The Group therefore felt that it should be down to the individual LDSOs to determine whether they required this report. The Group agreed that if an LDSO required the report, the Supplier would be obliged to provide it.

2.14.4 Solution

The reporting of Long Term Vacant sites by Suppliers to LDSOs would be at the request of the LDSO. If an LDSO requests this report then the Supplier is obliged to send it. The Supplier and LDSO would have to mutually agree the form of this report before it is provided; however a minimum of the Metering System Identifiers (MSIDs) and the date that each site was first categorised as Long Term Vacant would be included.

3 AREAS RAISED BY THE TERMS OF REFERENCE

This section outlines the conclusions of the Modification Group regarding the areas set out in the P196 Terms of Reference.

3.1 Potential Alternative Modifications

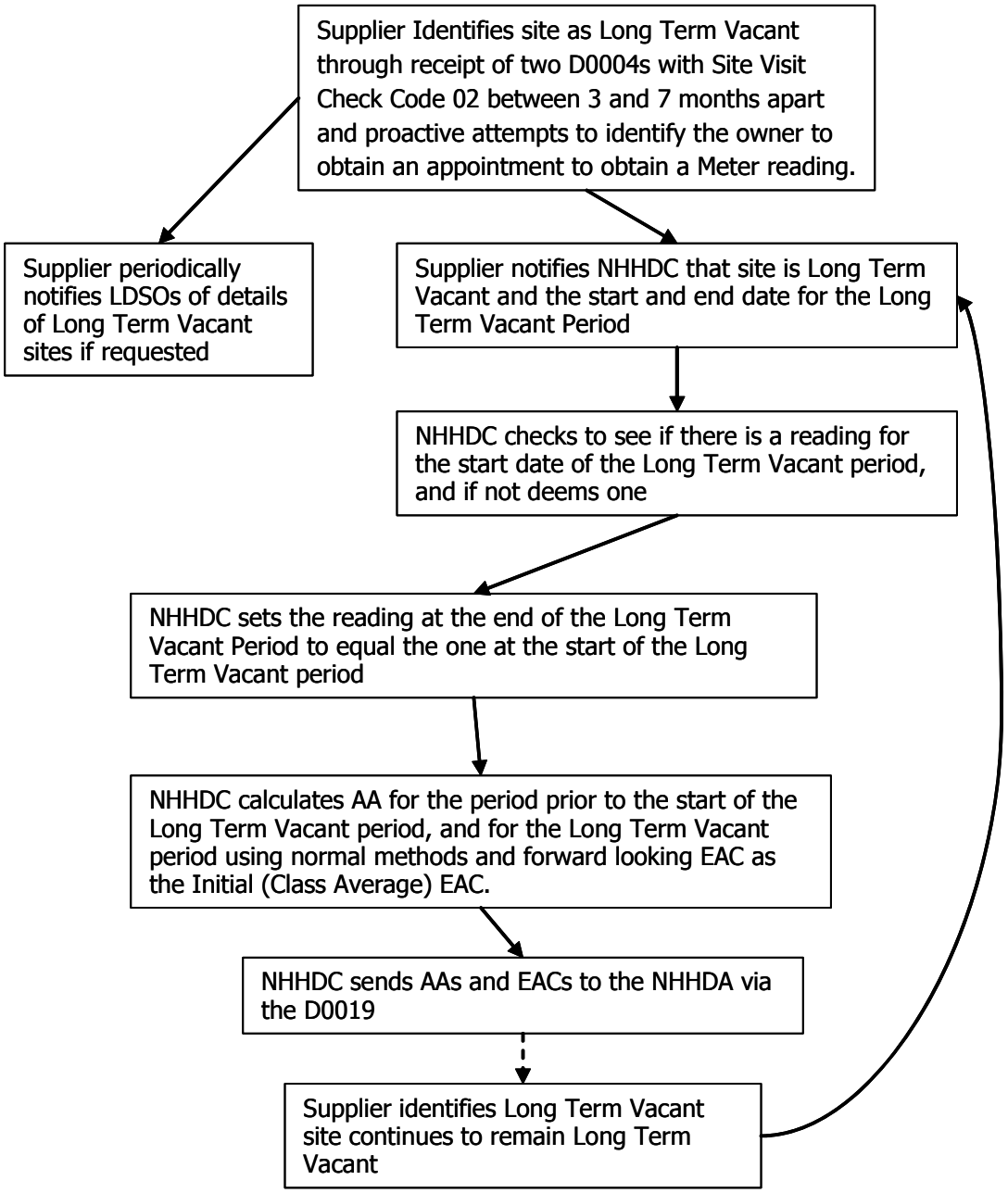
The Group discussed two potential Alternative Modifications but agreed by majority that neither of these better facilitated the Applicable BSC Objectives compared to the Proposed Modification. Therefore neither of these potential Alternative Modifications have been proposed as the Alternative Modification.

3.1.1 Alternative Modification Option 1

3.1.1.1 Modification Group's Discussions

Potential Alterative Modification option 1 is very similar to the Proposed Modification, however instead of a zero EAC entering Settlement for a Long Term Vacant site, a zero AA is entered into Settlement.

Process Diagram



Description of potential Alternative Modification Option 1

This section sets out the similarities and differences between Alternative Modification option 1 and the Proposed Modification.

The Supplier would determine that a site is Long Term Vacant, the start date for the Long Term Vacancy and would inform the NHHDC of this as described in Sections 2.4.4, 2.5.4 and 2.6.4. The NHHDC would see whether there is a Meter reading for the date that the site became Long Term Vacant, and if there is not, would deem one as described in Section 2.7.3.

The differences between this Alternative Modification and the Proposed Modification are as follows:

- The Supplier would also have to supply an end date for the period of Long Term Vacancy. This is the date of the last D0004 with Site Visit Check Code 02. This would be communicated to the NHHDC at the same time as the Supplier tells the NHHDC that the site is Long Term Vacant and the start date for the period of Long Term Vacancy.

- The NHHDC would need to set the Meter reading for the date at the end of the Long Term Vacant period to be the same as the Meter reading at the start of the Long Term Vacant period. The NHHDC would process the Meter readings in the normal way (in accordance with BSCP504 section 3.3.11) which would lead to a zero AA being calculated. The NHHDC would need to replace the forward looking EAC calculated in the normal way with the one that was in place prior to the zero AA.
- Since the zero consumption only applies to a specified period, there would be no obligation to attempt to obtain a reading at least every seven months and the Supplier would not need to instruct the NHHDC of the end of Long Term Vacancy period since this would be set at the start. If the Metering System continues to meet the criteria for Long Term Vacant treatment, the Supplier would periodically (at intervals of not more than seven months) instruct the NHHDC to retrospectively apply the zero AA.

In the Proposed Modification, the zero EAC applies until the Supplier notifies the NHHDC that it no longer applies. This means that Settlements will initially see zero consumption on the site. This would be replaced by actual consumption (based on a class average EAC) if the site subsequently failed to meet the criteria. In the Alternative Modification option 1, the zero AA only applies for the period up to the second (or subsequent) D0004 with 02 code. This means that Settlements would initially see consumption on the site. This would be replaced with a zero AA once the second D0004 with code 02 is received, but going forward, consumption would again be registered.

The requirements relating to change of Supplier as set out in section 2.13.4 would not apply for this option as the Metering System at the time of a change of Supplier would be settling on a non-zero EAC. The requirements relating to reporting Long Term Vacant sites to LDSOs as set out in section 2.14.4 would apply to this solution.

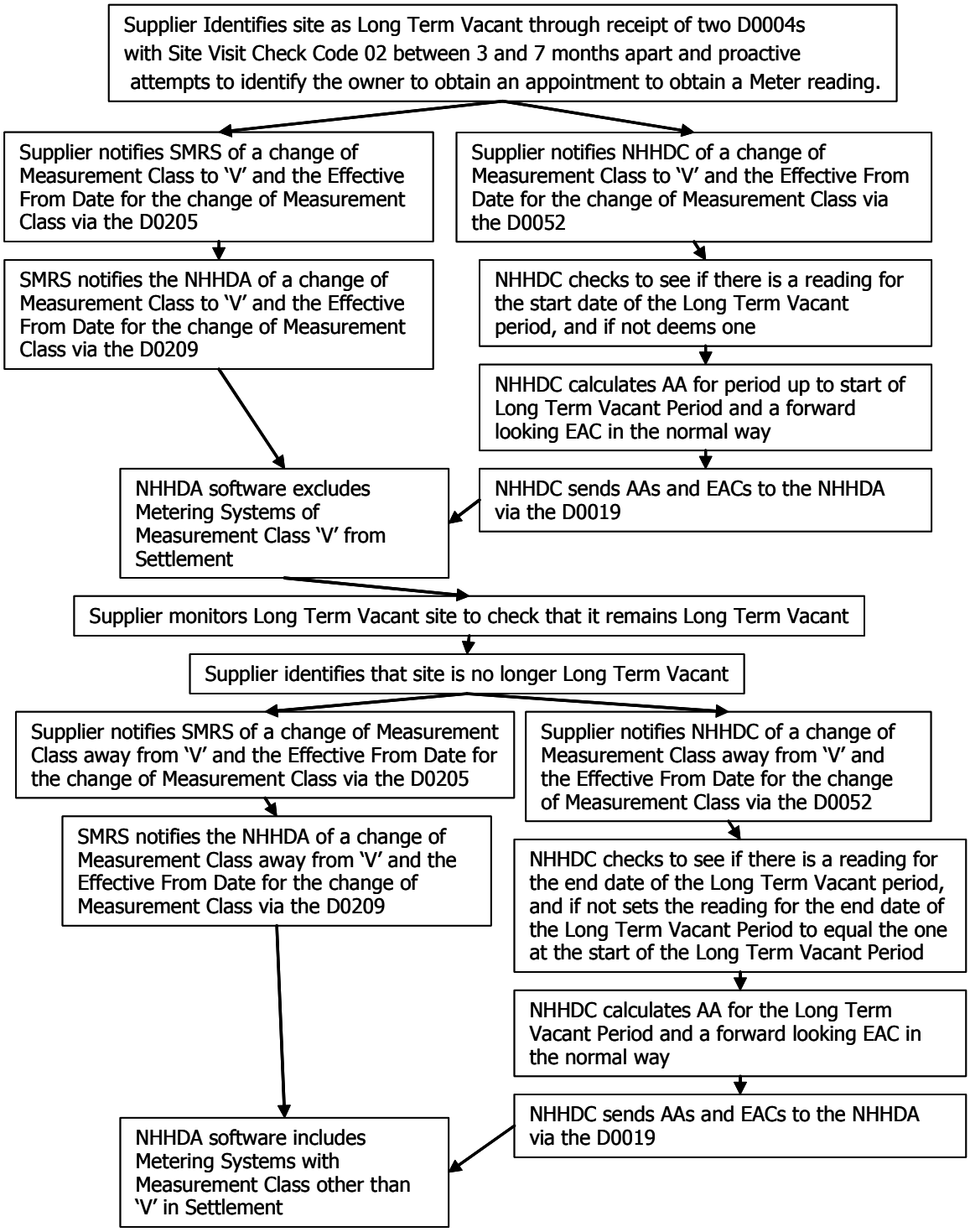
3.1.1.2 Views of Respondents to Assessment Procedure Consultation

No specific comments were received to the consultation in relation to the Alternative Modification process. The comments relating to the assessment of Alternative Modification Option 1 against the Applicable BSC Objectives are included in section 4.

3.1.2 Alternative Modification Option 2

3.1.2.1 Modification Group's Initial Discussions

Process Diagram



Description of Alternative Modification Option 2

The majority of this solution is the same as the Proposed Modification. The differences occur in how the Long Term Vacant site is treated in Settlements. The Supplier will determine that a site is Long Term Vacant and the start date for the Long Term Vacancy in accordance with 2.4.4 and 2.5.4.

There will be a new Measurement Class defined in Market Domain Data ('V' – Non-Half Hourly Metered Long Term Vacant). This would be defined with an Effective from Date as the Implementation Date of P196. All participants whose systems hold the Measurement Class data item would need to support the use of the new Measurement Class, even if they do not intend to use the Long Term Vacant site solution. Once the Supplier has determined that a site meets the Long Term Vacant criteria, they would send the D0205 'Update Registration Details' to the Supplier Meter Registration Service (SMRS) and would send the D0052 'Affirmation of Metering System Details' to the NHHDC informing of the change to the Measurement Class for the Metering System in the J0082 'Measurement Class Id' data item.

When the NHHDC receives a D0052 from the Supplier which changes the Measurement Class from 'A' to 'V', the NHHDC would need to retrieve or deem a Meter reading for the date of the change of Measurement Class. This reading would be calculated in accordance with section 2.7.3. The NHHDC would need to calculate an AA for the period up to the date of the change of Measurement Class and an EAC for the period after the change of Measurement Class and send this information to the NHHDA on the D0019 'Metering System EAC/AA Data'.

The SMRS would have to check that the Effective from Date for the change of Measurement Class to 'V' on the D0205 is on or after the P196 Implementation Date (and Effective from Date of the new Measurement Class). The SMRS would also need to check that the energisation status of the Metering System is 'E' (energised). The SMRS should reject the attempt to change the Measurement Class to 'V' if either of these conditions are not satisfied. Providing that the change to Measurement Class 'V' is valid, the SMRS would send a D0209 'Instruction(s) to Non Half Hourly or Half Hourly Data Aggregator' to the NHHDA to update the NHHDA of the change to Measurement Class. This process currently occurs when SMRS receives a D0205, however the SMRS would have to carry out additional validation in this scenario compared to the current process.

The NHHDA software would have to exclude Metering Systems of Measurement Class 'V' from Settlement, provided that there is not a non-zero AA associated with the Metering System (in a similar way to the exclusion of Metering Systems that are de-energised, providing that there is not a non-zero AA associated with the Metering System). The NHHDA software would have to identify where actual consumption had been identified on a Metering System with Measurement Class 'V'. This would be reported to the Supplier on the D0095 'Non Half Hourly Data Aggregation Exception Report'. A new exception code (15) would have to be added for this exception. This would mean that a change would be required to the D0095 so that it would be able to report the count of Metering Systems with at least one exception of type 15 (i.e. a new data item would have to be added). Suppliers would need to have processes in place to manage these exceptions.

The Supplier would need to ensure that periodic checks are carried out in accordance with section 2.8.4 to confirm that the site continues to be Long Term Vacant. Suppliers would need to ensure that they have processes in place to identify when a site becomes re-occupied and the date of the re-occupation, in accordance with sections 2.9.3 and 2.10.3.

When a site becomes re-occupied, the Supplier would send the D0205 'Update Registration Details' to the SMRS and would send the D0052 'Affirmation of Metering System Details' to the NHHDC informing of the change to the Measurement Class for the Metering System. When the NHHDC receives a D0052 from the Supplier, the NHHDC would need to calculate a Meter reading for the date of the change of Measurement Class from 'V' back to 'A'. This reading would be deemed in accordance with normal procedures. The NHHDC would need to calculate an AA for the period up to the date of the change of Measurement Class and an EAC for the period after the change of Measurement Class and send this information to the NHHDA on the D0019 'Metering System EAC/AA Data'. When the SMRS receives the D0205, it would send a D0209 'Instruction(s) to Non Half Hourly or Half Hourly Data Aggregator' to the NHHDA to update the NHHDA of the change to Measurement Class.

The Modification Group initially believed that where there is a change of Supplier for a Long Term Vacant site the Long Term Vacant status should end. If a change of Supplier event occurred for a Metering System that was registered with a Measurement Class of 'V', in the event that the new Supplier did not provide another value for this data item in its D0055 'Registration of Supplier to Specified Metering Point' to the SMRS, this Measurement Class would initially be transferred in SMRS from the old Supplier's registration to the new Supplier's registration. The onus would be on the new Supplier to send a D0205 'Update Registration Details' to the SMRS to revise the Measurement Class from 'V' Long Term Vacant from the date of the change of Supplier. There would not be a requirement for the old Supplier to notify the new Supplier that the site was previously Long Term Vacant by a manual method, as the new Supplier would be informed of this on the D0217 'Confirmation of the registration of a Metering Point' or D0260 'Notification from MPAS of Old Supplier Registration Details' received from the SMRS.

There would be no need for the Supplier to separately report Long Term Vacant sites to the LDSO as described in section 2.14.4, since the LDSO can obtain this information through the SMRS system.

3.1.2.2 Views of Respondents to Assessment Procedure Consultation

One respondent to the consultation raised concerns that Measurement Class was defined within the MRA documentation, and that using the Measurement Class to represent Long Term Vacant sites would be inconsistent with this definition.

Another respondent to the consultation stated that they were concerned about ending a period of Long Term Vacancy for portfolio sites that went through a change of Supplier as they felt that this would not further competition in supply. The respondent felt that these sites should be treated differently to sites that are not part of a portfolio.

The comments relating to the assessment of Alternative Modification Option 2 against the Applicable BSC Objectives are included in section 4.

3.1.2.3 Modification Group's Conclusions

The Group noted that Long Term Vacant sites were not distinct Measurement Classes and that the use of the Measurement Class field was simply a transparent route for highlighting these sites. It was noted that Long Term Vacant sites would be treated in a similar way to de-energised sites. Therefore the requirements in the BSCP would have to explicitly exclude some of the usual change of Measurement Class steps in relation to Long Term Vacant sites e.g. there should be no requirement for the Meter Operator Agent to visit the site. One Group member questioned whether a new energisation status should be defined for Long Term Vacant sites as opposed to a new Measurement Class. The Group agreed that the energisation field should not be used to highlight Long Term Vacant sites as energisation status has a specific meaning in the BSC, and there are already issues with the incorrect flagging of energised and de-energised sites. Some members of the Group were concerned that the issues currently being dealt with in relation to energisation status could be encountered if P196 Alternative Modification option 2 were to be implemented.

The Group discussed the change of Supplier process in general. For Alternative Modification option 2, the Group felt that the Long Term Vacant indicator (i.e. Measurement Class V) gave a very clear indication that the site had been considered as Long Term Vacant by the old Supplier. As the Long Term Vacant status is visible there would be no equivalent risk, to that highlighted for the Proposed Modification, that the Measurement Class would remain set to V indefinitely without the Supplier being aware of its obligations to make proactive attempts to gain access to the site and ensure that the site visits report a D0004 with a Site Visit Check Code 02 at least every 7 months. The Group therefore felt that it would be the choice of the new Supplier as to whether they wanted to continue to treat the site as Long Term Vacant or not.

If the new Supplier did not want to treat the site as Long Term Vacant, it would have to change the Measurement Class (to any of 'A' to 'E') in SMRS. It was noted that a new Supplier that did not want to use the Long Term Vacant solution would have to change the Measurement Class to any of 'A' to 'E' either when

it first registers the site using the D0055 or as an update to the registration using a D0205. In either case, the Effective from Date for the change of Measurement Class would be the date of the change of Supplier.

If the new Supplier did want to treat the site as Long Term Vacant, then they would have to carry out the periodic checks to confirm that the site continued to remain as Long Term Vacant. The first of these checks would have to be carried out within seven months of the new Supplier taking over responsibility for the Long Term Vacant site.

The Group also noted that for a change of Supplier, a Meter reading may have to be deemed. This would be deemed using the non-zero EAC held by the NHHDC for the Metering System. This is the same process as is followed if a de-energised Metering System undertakes a change of Supplier. Since the reading would be deemed using a non-zero EAC, the change of Supplier reading would not be representative of the zero consumption on site for that Metering System. To ensure that the change of Supplier Meter reading reflects the zero consumption on the Meter, the old Supplier would have to dispute the change of Supplier Meter reading. The old Supplier would have to propose a new change of Supplier reading that is equal to the reading deemed at the start of the Long Term Vacant period.

3.1.2.4 Solution

The Group agreed that under Alternative Modification option 2, a change of Supplier event would not necessarily end a period of Long Term Vacancy. It would however be the choice of the new Supplier as to whether to retain the Measurement Class 'V' Long Term Vacant, in its registration in SMRS and carry out the periodic checks, or whether to revise the Measurement Class in its registration such that it no longer reflected a Long Term Vacant status. If the new Supplier chose not to continue the Long Term Vacant status, it would have to update their NHHDC accordingly.

3.2 Where the Requirements Should be Drafted

3.2.1 Modification Group's Discussions

The Group agreed that the high level requirements should be drafted in the Code, including the setting of the EAC to zero. The detail of the process should be contained within BSCP504 'Non-Half Hourly Data Collection for SVA Metering Systems Registered in SMRS'. A plain English version of the changes to the Code and BSCP504 are included in Appendix 1 and Appendix 2 respectively.

3.2.2 Views of Respondents to Assessment Procedure Consultation

No specific issues were discussed by the Modification Group in relation to this stage of the process.

3.3 Compatibility with other Settlement Processes

3.3.1 Modification Group's Initial Discussions

The Group discussed whether the solution proposed is compatible with other Settlement processes. The Group felt that there is interaction between this process and the following two processes:

- Deeming at the RF boundary to prevent crystallised data entering into Settlement; and
- Change of Supplier Process.

3.3.1.1 Deeming at the RF Boundary

The Group considered what would happen if a site was classified as Long Term Vacant for over 14 months, and then a reading was provided that indicated that there was some consumption on the site or that the reading deemed at the start of the Long Term Vacant period was incorrect (either positively or negatively). The Group agreed that in this scenario, the energy that had crystallised (meaning that it cannot be amended

without an upheld Trading Query or Trading Dispute) in Settlement (i.e. the zero EAC) would not be amended and a reading would be deemed at the RF boundary reflecting the zero EAC. Any consumption (be it positive or negative) would then be accounted for in the period that had not crystallised. This is no different from the process already used where Meter readings have been taken more that 14 months apart and an EAC has partly crystallised in Settlement that does not reflect the AA that is calculated using the two Meter readings. The Group also noted that a Trading Query could be raised to amend the crystallised data, if the Supplier felt that the error was large enough, and if it was raised within the timescales contained in BSCP11 'Trading Queries and Trading Disputes'.

3.3.1.2 Change of Supplier

Details regarding the Group's discussion of the impact of a change of Supplier on the Long Term Vacant process can be found in Section 2.13.

3.4 Auditability

3.4.1 Modification Group's Discussions

The Group felt that this process would have to be included in the scope of the BSC Audit or a Technical Assurance check, but believed that the depth of the audit for this process would be no different to the depth of the audit for similar processes operated by Suppliers. The Group agreed that the audit would be carried out on a sample of Long Term Vacant sites and their associated Metering Systems.

The Group noted that the scope of the BSC Audit is set by the Panel and the scope of the Technical Assurance checks are set by the Performance Assurance Board (PAB). The Code does not specify any particular process that must be included in the scope of the BSC Audit or a Technical Assurance check. Therefore, whilst the process for Long Term Vacant sites needs to be auditable, there is no guarantee that it will be included in the scope of the BSC Audit or included in a Technical Assurance check. The Group agreed that the process defined is auditable and it will be up to the Panel and the PAB to determine whether it should be included in the scope of the BSC Audit or as a Technical Assurance check.

The Group noted that there is currently a review of the Performance Assurance Framework (PAF) and agreed that if this activity did not fall under the scope of the BSC Audit following the PAF review, then the check may have to be carried out using another PAF technique.

3.4.2 Views of Respondents to Assessment Procedure Consultation

No specific comments were received to the consultation in relation to this stage of the process.

3.5 Impact on Party / Party Agent Systems

3.5.1 Modification Group's Discussions

An initial impact assessment was carried out on P196 via CPC00550. Sixteen responses were received to this impact assessment. A second impact assessment was carried out on P196 via CPC00557. This asked a number of specific questions related to P196. This impact assessment was carried out in parallel to the consultation on P196 and contained a subsection of the questions included in the P196 consultation. Eight responses were received to this impact assessment and six of these were participants who also responded to the consultation. The responses received to these impact assessments are included in Appendix_5. The Group discussed these responses and agreed that the main points made by respondents were as follows:

- Some respondents stated that the use of the Site Visit Check Codes needs to be better defined. The Group agreed that this would be picked up by the work being undertaken by the IREG. They did however note that the use of the Site Visit Check Codes needs to be clear for the P196 solution to be robust;

- A number of respondents stated that the requirements surrounding the receipt of D0004s with Site Visit Check Code 02 need to be clarified, particularly for sites where readings are obtained more frequently than quarterly. The Group agreed that there must be a minimum of two D0004s with Site Visit Check Code 02 in a three month period for the site to qualify and that there should be no data flows containing the J0040 'Register Reading' data item or D0004s with Site Visit Check Code of anything other than a 02 in the period. One respondent asked what would happen if the date that a customer closed its account was within seven months of the receipt of a D0004 with Site Visit Check Code 02 but in between these dates a D0004 with a Site Visit Check Code of something other than code 02 was received. The Group agreed that in this scenario, the start date for the period of Long Term Vacancy would be the date of the first D0004 with Site Visit Check Code 02, not the date that a customer closed its account;
- One LDSO responded to the initial impact assessment request stating that it was not necessary for LDSOs to be notified of the numbers of Long Term Vacant sites in their area. A member of the Group believed that LDSOs should be informed of Long Term Vacant sites, although this may be done via a monthly spreadsheet. The consultation and second impact assessment asked specifically for views on this. Since the views provided were split, the Group agreed that it would be up to individual LDSOs to determine whether they wished to receive this report, however if an LDSO did wish to receive the report, the relevant Suppliers who were carrying out the Long Term Vacant site process would be obliged to provide it.
- A number of respondents to the initial impact assessment request stated that they felt that the NHHDC should be notified by the Supplier of a Long Term Vacant site through the D0052 as opposed to the use of a manual notification. The consultation and second impact assessment asked specifically for views on this. The Group agreed with the majority of respondents that this notification should be via the D0052 and that it should be mandatory to use the D0052 for this purpose, with the caveat that this should be consistent with all other similar steps in BSCPs in as much as the method of communication should be 'electronic or other method, as agreed'
- One respondent had concerns about timely updates to the Measurement Class if Alternative Modification option 2 was taken forward. The Group noted these concerns;
- One respondent felt that there may be similar issues for Half Hourly (HH) Long Term Vacant sites. The respondent however stated that it felt that HH Long Term Vacant Sites would fall out of the scope of P196 and if any solution is required in the HH market, this would have to be progressed as a different Modification. The Group agreed that HH Long Term Vacant sites falls outside of the scope of P196;
- One respondent felt that further consideration should be given by the Group to whether a change of Supplier scenario should end the Long Term Vacant site status for portfolio sites. The Group's discussion about this issue is included in Section 2.13;
- One respondent queried what the process would be if the initial deemed reading was incorrect and vastly different to a reading subsequently taken, especially if the initial deemed reading had crystallised in Settlement. The Group's discussions in this area are contained in section 3.3.1.1 and the conclusion was that the NHHDC should deem a reading at the RF boundary to prevent crystallised data being amended; and
- One respondent asked whether the NHHDC involvement would be reduced under the Alternative Modification option 2. The Group noted that it would not be possible to reduce the NHHDCs involvement in this process since a reading must be obtained or deemed where there is a change of Measurement Class.

3.6 Impact on Performance Measures

3.6.1 Modification Group's Initial Discussions

As a Meter reading is deemed for the start of the Long Term Vacant period, the non-zero energy entering Settlements prior to the Long Term Vacant period will be converted from an EAC into an AA. This would have an impact on the SP08a performance measure (%AAs) as it would artificially increase the percentage of AAs compared to EACs. The Group noted this fact but agreed that it is no different from any other time that a Meter reading is deemed.

3.6.2 Views of Respondents to Assessment Procedure Consultation

One respondent to the consultation stated that the performance measure SP08a (that 97% of energy at RF should be settled on AAs) took into account the uncertainty in the market of Long Term Vacant Sites. This respondent felt that if consumption for Long Term Vacant sites would be settled on zero, then it may be appropriate to revise the SP08a serial upwards.

3.6.3 Modification Group's Conclusions

The Modification Group felt that the impact on the serial SP08a was a consequence of P196 as there would be an additional AA at the point the Long Term Vacant Period started and there would be a reduced volume of energy settling on EACs. Some members of the Group felt that this would artificially inflate the achievement of serial SP08a for Suppliers using the Long Term Vacant site process. Other members of the Group felt that AAs are in fact currently understated due to EACs being too high for sites that are Long Term Vacant.

The Group felt that the level of this serial related to many more factors than Long Term Vacant sites and therefore felt that it was not appropriate to consider changing it as part of P196. One member noted that discussions under Modification P182 'Review and redefinition of the Non Half Hourly Settlement performance measures' could not conclusively agreed on the origins of the 97% threshold and that Long Term Vacant sites may be one of a number of reasons for the SP08a performance level.

3.7 Theft of Electricity

3.7.1 Modification Group's Initial Discussions

The Group noted that there is current work being undertaken by the Energy Networks Association (ENA) and Energy Retail Association (ERA) to produce a new code of practice relating to theft. The Group agreed that there currently appears to be no overlap between P196 and the work of the ENA / ERA. One member of the Group questioned whether one of the causes of theft relates to perceived unoccupied sites and whether P196 would have any impact on these volumes. The Group agreed that P196 does not remove any of the obligations on the Supplier to attempt to obtain access to the property and obtain a Meter reading. Another Group member felt that the amount of theft is very small compared to the amount of energy currently being attributed in Settlement to Long Term Vacant sites.

3.7.2 Views of Respondents to Assessment Procedure Consultation

One respondent to the consultation stated there is no documentary evidence of a theft issue around Long Term Vacant sites and that theft is more of an issue at sites that are occupied and where customers are illegally abstracting energy. This respondent felt that if a site is identified as Long Term Vacant under P196, this means that the Supplier is obliged to try to obtain a Meter reading at least once every seven months. This respondent therefore felt that if theft was occurring on these sites, there would be a greater likelihood of it being identified due to the regular visits.

Another respondent felt that the Group had not fully investigated whether there was an interaction between Long Term Vacant sites and theft.

3.7.3 Modification Group's Conclusions

The Group believed that the work of the ERA / ENA on theft has identified that theft is a much more significant issue in occupied sites than those that are considered to be Long Term Vacant. The Group agreed that there is no evidence to indicate that theft is an issue for Long Term Vacant sites. The Group also agreed with the consultation respondent who stated that putting this process in place would provide an incentive to go to these sites and confirm that they are still Long Term Vacant, and felt that this would help to identify sites where theft may be occurring. Therefore the Group believed that P196 does not have a negative impact on theft of electricity from Long Term Vacant sites.

3.8 Interactions with Advances in Technology

3.8.1 Modification Group's Discussions

The Group considered whether advances in technology, particularly the introduction of Automatic Meter Reading (AMR) Meters (from which Meter readings can be obtained without gaining access to the Meter) would have an impact on the process for Long Term Vacant sites. The Group felt that if access could be obtained to Long Term Vacant sites, it may be more appropriate to de-energise the Meter than fit an AMR Meter and one Group member noted that there is unlikely to be a business case for installing AMR Meters at sites that are likely to be demolished or re-developed. The Group also noted that if, over time more AMR Meters were installed then the percentage of Long Term Vacant sites could decrease as it would be easier to obtain Meter readings. Some Group members felt that the introduction of an AMR Meter would negate the necessity for the Supplier to adopt the use of the Long Term Vacant site solution. Other Group stated that access to the site would need to be obtained to fit an AMR Meter before the site becomes Long Term Vacant for this to happen in practice. Some members of the Group also stated that assumptions around possible future metering arrangements and speculation about how they would be treated in Settlements is not relevant to this report. The Group felt any introduction of AMR would not remove the obligations under the Supply Licence to inspect the Meter. The Group felt that the introduction of AMR Meters would not impact P196.

3.8.2 Views of Respondents to Assessment Procedure Consultation

No specific comments were received to the consultation in relation to this stage of the process.

3.9 Interaction with Safety Requirements

3.9.1 Modification Group's Discussions

The Group noted that Condition 17 of the Supplier Licence contained an obligation on Suppliers to inspect Meters every two years, and that this obligation was on a reasonable endeavours basis.

3.9.2 Views of Respondents to Assessment Procedure Consultation

One consultation response from a Distribution Network Operator stated that it might be more appropriate for Suppliers to gain access to vacant sites by obtaining a warrant on safety grounds. The Meter could then be de-energised which would result in no consumption data entering Settlements.

3.9.3 Modification Group's Conclusions

One member of the Group raised concerns that P196 would reduce the incentive on Suppliers to meet the Supplier Licence obligation as the Meter would be settling on zero consumption. This member believed that

Suppliers should be obtaining warrants to gain access to the site to inspect (and potentially de-energise) the Meter on safety grounds. Another member of the Group agreed that from a Distribution Network Operator's point of view, it might be more appropriate for the Meter to be de-energised. Another member of the Group noted that her company had been successful in obtaining cessation warrants to access sites and de-energise the Meter and that these warrants were obtained for electricity supply only.

The majority of the Group believed that the additional obligations on Suppliers to attempt to find the owner of the site and gain access would support the licence requirement rather than weaken it. The Group also noted that the Supplier Licence is currently being reviewed, and that the review group are considering the possibility of removing the obligation to inspect Meters.

In addition it was noted that de-energising the site could lead to a requirement for the site to be re-energised upon reoccupation, which could be expensive. If the site was de-energised, there is a BSC requirement on NHHDC's to inspect the Meter once a year on a reasonable endeavours basis (this requirement is contained within PSL120 'Party Service Line for Non-Half Hourly Data Collection') and the Supplier Licence condition remains to inspect Meters every two years. In addition there is a requirement on Distribution Network Operators to carry out checks on de-energised sites. These members of the Group therefore believed that P196 was a pragmatic solution to the issue faced by Suppliers unable to gain access to specific sites.

3.10 Costs Benefits Analysis

3.10.1 Modification Group's Initial Discussions

The Group noted that prior to P196 being raised, the issue of Long Term Vacant sites was considered as Standing Issue 14. Under Issue 14, a large amount of data was obtained and analysed by the Group. The Group discussed whether any more data could be obtained but concluded that since each member of the Modification Group had provided all the data available from their individual Supply Companies as part of the Issue 14 work, that no further useful data was available from this source. The majority of this section is therefore based on the Issue 14 report (Reference 1).

3.10.1.1 Numbers of Long Term Vacant Sites

Data Obtained from Suppliers

The Group requested the following data from Suppliers to enable it to estimate the current numbers of Long Term Vacant sites in Settlement:

- The percentage of portfolio that is Long Term Vacant by Profile Class group 1-4 and 5-8;
- The number of sites and total energy in portfolio by Profile Class group 1-4 and 5-8; and
- The estimate of the uncorrected volume of overstated energy for sites in MWh per year by Profile Class group 1-4 and 5-8.

The Group defined a Long Term Vacant site for the purposes of the analysis as:

- A site for which there has been a minimum of two D0004 'Notification of Failure to Obtain Reading' flows received, at least 3 months apart, that have Code 02 'Site Not Occupied' in the Site Visit Check Code (J0024) data item; and
- A site that is energised according to the Supplier Meter Registration System (SMRS).

The Group agreed that the materiality of the issue could be ascertained in two ways:

- Using actual EAC values that the Long Term Vacant site is settling on; or
- Using default EAC values applicable to the particular site, (i.e. Profile Class Average EAC).

The percentages of Long Term Vacant sites, by Supplier are shown in the table below, split down by profile class and as a percentage of total numbers of Metering Systems and volumes of energy:

	Profile Class	Supplier 1	Supplier 2	Supplier 3	Supplier 4	Supplier 5	Supplier 6
% sites Long Term Vacant (MSID)	**PC 1-8**	0.3%					
	PC 1-4		0.3%	0.8%	1.3%	2.2%	2.3%
	PC 5-8		2.0%	2.3%	2.6%	3.80%	
% sites Long Term Vacant (energy)	**PC 1-4**		0.1%	1.2%	1.6%		
	PC 5-8		1.80%	2.50%			

Based on this analysis, the Group concluded that at least 1% of sites are classified as Long Term Vacant (according to the criteria above). Some Group members have indicated that they believe that this figure of 1% is a very conservative figure, as it was based on the narrow criteria defined by the Issue 14 Group. They believed that they have many other sites which could be deemed as Long Term Vacant that fall outside these criteria. There are approximately 28 million Non-Half Hourly Metering Systems in Great Britain and the data received was from a total of approximately 16 million.

Empty/Long Term Vacant Homes

The Group investigated the numbers of empty homes that would likely be classified as Long Term Vacant sites through two sets of independent figures included below:

Raw data Regional and England grossed totals - Total vacant dwellings at 1 April 2004

	Ownership of Empty Homes				
Classification [4]	Total Number of Empty Homes	Local Authority	RSL	Other public	Other private
North East	39,957	6,803	3,091	410	29,293
Yorkshire & Humberside	84,224	9,814	3,822	219	70,369
East Midlands	58,192	4,966	2,125	1,053	50,048
Eastern Region	59,467	4,209	1,898	1,036	52,324
London	99,047	8,952	5,960	924	83,211
South East	83,371	3,035	3,480	1,577	75,279
South Wes	62,475	2,259	2,032	536	57,648
West Midlands	75,829	6,880	5,900	170	62,879
North West	127,473	10,618	10,887	1,450	104,518
ENGLAND TOTAL	**689,675**	**57,536**	**39,195**	**7,375**	**585,569**

Source: http://www.emptyhomes.com/resources/statistics/statistics.htm#2004

Table: Long Term Private Sector Empty Homes – England

Local Authority	Region	% of Total Private Sector Dwellings Empty > than 6 months
Manchester	NW	5.7%
Pendle	NW	5.1%
Burnley	NW	5.1%
Hyndburn	NW	4.8%
Thanet	SE	4.8%

[4] 'Local authority' is the local authority, e.g. borough council, district council, metropolitan borough council; 'RSLs' are organisations which provide social housing; 'other public' refers to Government departments and organisations such as the NHS, Highways Agency, Ministry of Defence, etc; 'other private' refers to private landlords who may be individuals or private developers

LA Areas with more than 5% of the dwelling stock empty		3.4%
England		1.8%

Source: Office of the Deputy Prime Minister (ODPM)

An empty home for the purposes of the data above is classified as a dwelling, which is Long Term Vacant either because it is between occupants, undergoing modernisation, in disrepair or awaiting demolition. Second homes and holiday homes are not included as empty homes.

The Group believed that the 1.8% of private homes that were considered Long Term Vacant in this analysis would contain a mix of energised and de-energised Metering Systems. The Group also believed that there are lots of Long Term Vacant sites in the non domestic sector.

Whilst the Group acknowledged that both these sources implied that there was a Settlement issue with Long Term Vacant sites, they did not confirm it nor did they approximate the materiality.

Annual Demand Ratios (ADR)

An ADR is calculated as the demand-weighted average over a year of the ratio of corrected (i.e. including GSP Group Correction Factor) to uncorrected (i.e. not including GSP Group Correction Factor) Non Half Hourly (NHH) consumption totals for a given GSP Group. It provides an impression of underlying trends in the GSP Group Correction Factor. The table below shows the ADR (or equivalent) values for the 14 GSP Groups. It should be noted that since the two Scottish GSP Groups only came into the BSC Arrangements in April 2005, the values calculated for these GSP Groups are not ADR values as there is not yet one years worth of data, however the values have been calculated in the same way as the ADR values for approximately eight months from 1 April 2005 to 7 December 2005. The data for the twelve England and Wales GSP Groups spans Settlement Dates from 8 December 2004 to 7 December 2005. In all cases, the data has been taken for the latest Run Type for each Settlement Day (SF to R3).

	Uncorrected NHH	Corrected NHH	ADR	"error"
Eastern	25,003,367	23,971,196	0.959	1,032,172
North Scotland	3,945,047	3,821,303	0.969	123,744
North Western	15,237,659	14,845,612	0.974	392,047
East Midlands	17,330,667	16,888,602	0.974	442,064
Yorkshire	14,029,125	13,676,789	0.975	352,336
Northern	9,787,439	9,555,669	0.976	231,770
M & N Wales	9,887,766	9,669,648	0.978	218,118
Southern	20,539,107	20,135,419	0.980	403,688
South Western	10,572,781	10,433,024	0.987	139,757
London	14,999,620	14,801,633	0.987	197,987
Midlands	16,221,821	16,029,617	0.988	192,204
South Eastern	14,919,977	14,906,513	0.999	13,464
South Scotland	8,569,110	8,566,984	1.000	2,126
South Wales	6,159,977	6,184,869	1.004	-24,892
Total	**187,203,463**	**183,486,879**	**0.980**	**3,716,584**

As shown above, currently ADR values are below unity in twelve GSP Groups, more or less at unity in one GSP Group and just above unity in the remaining one. Thus in a significant majority of GSP Groups, there appears to be an overstatement of the energy metered (or estimated) at Metering System level compared to that actually supplied through the GSP (given the unlikelihood of a significant and widespread understatement of GSP Group Takes).

There are a number of factors that could lead to the general over-accounting of energy including the calculation of Line Loss Factors and erroneously large EACs and AAs, however the over-accounting of energy could also in part be due to Long Term Vacant sites energised but not consuming any electricity, being

settled on non-zero EACs. The difficulty arises in estimating the extent to which Long Term Vacant sites are contributing to the overstatement of energy evident in the ADR values.

3.10.1.2 Warrant Process and Costs of Obtaining a Warrant

The Group discussed the use of and cost of obtaining warrants to read Meters in Long Term Vacant sites. It became apparent that in Scotland it was almost impossible to obtain warrants for sites in order to read the electricity Meter unless there is a safety issue or a Meter change is required. There was also a recognised subjectivity to the decision made by individual magistrates as to whether a warrant should be granted or not. It was noted that obtaining a warrant in order to read a gas Meter was easier on safety grounds.

The Group members considered the cost to their respective companies of obtaining warrants. One member after detailed investigations found that warrant costs can vary wildly, depending on whether it is a single job or a batch job, however they provided an indicative cost of at least £100 per service. This may include the following:

- £15.00 per basic warrant visit; and
- £45.00 if Transco or a 3rd Party is involved; and
- £65.00 if a locksmith is involved.

The Group stated that the current charges for Transco and the locksmith are average costs and there is a wide variance in costs. For example, Transco charges could be £80 per job, £170 for a half day and £320 for a full day (not including VAT). Costs can also vary considerably due to the scheduling of jobs i.e. if all jobs in one area can be arranged then the costs can be significantly reduced. The Group also noted that locksmith costs vary but currently seem to average £65, although if appropriate schedules are arranged, costs can be reduced.

Another Group member considered that the cost of obtaining a warrant was around £80 whilst another outlined a basic warrant cost of £20.

Another set of charges outlined were:

- Statutory Visit No Read Charge - £6.00
- Statutory Visit Read Charge - £27.50
- Warrant Application Charge - £18.50
- Warrant Execution Charge (including Locksmith) - £95.71
- Warrant Execution Charge (excluding Locksmith) - £50.71
- Land Registry costs - £4.00 per query

On the basis of being able to obtain warrants for the 40,000 plus Long Term Vacant sites for one Supplier, this would cost in excess of £4 million.

If an average cost of £100 per warrant is used, from the Long Term Vacant site data obtained from Group members, the cost of warrants and the corresponding percentage of Long Term Vacant sites for that Supplier's portfolio are given below:

	Supplier 1	Supplier 2	Supplier 3	Supplier 4	Supplier 5	Supplier 6	Supplier 7	Supplier 8
Proportion Long Term Vacant Sites	0.3%	0.3%	0.7%	1.5%	1.5%	1.6%	1.7%	2.1%
Cost Warrants	£1,568	£226	£1,254	£1,760	£1,476	£2,147	£1,322	£2,102

(£000)

	OVERALL
Proportion Long Term Vacant Sites	0.9%
Cost Warrants (£000)	£11,856

In a market of approximately 28 million Non-Half Hourly Metering Systems with an estimated 1% of these being Long Term Vacant (from the data obtained in section 3.9.1.1 above) then the cost to industry to provide warrants would be £28 million, however it should be noted that obtaining a warrant would be the extreme solution to the problem and so this cost would not be applicable in all cases.

One Group member believed that if this was the cost, the benefit of obtaining warrants had to be questioned for sites that can be identified as being Long Term Vacant.

With regard to obtaining warrants, Justices of the Peace (JPs) particularly in Scotland, are opposed to issuing warrants for access unless there is a safety issue or for a Statutory Meter exchange. They appear reluctant to issue a warrant just to obtain a reading.

There is also no consistency throughout the country with regard to magistrates / JPs and what they will sign as each case has to be assessed on its own merits by the JP.

All magistrates / JPs look for:

- An audit trail detailing actions taken in an effort to make contact with the owner; and
- Attempts made to get access prior to requesting a warrant.

A possible way forward that was suggested as being outside of the BSC is submitting an industry backed case to the JP Forum or possibly further up the tree to the Scottish Office with Ofgem backing. This would of course differ in England and Wales where all warrants are signed in court by the local magistrate. This however is outside the scope of P196.

One member of the Group stated that there was a greater chance of success in both avoiding having to obtain a warrant and if necessary obtaining one, if there is a high degree of familiarity with, and knowledge of the local area. This member considered that effort should be put into improving the relationship of the industry with magistrates and the enhancement of both the resolution of ownership of Long Term Vacant sites and the warrants process rather than implementing a Settlement related solution.

One member commented that new entrants were in a different position from host Suppliers and were able to stop the problem before it has properly started by having appropriate processes in place.

This member noted that if the warrants were required to merely read the Meter then the cost would be an annual cost. If however the warrant was acquired and the Meter was de-energised, this solution would not be annual and the cost would be a one off cost and thus would be advantageous. However, a Supplier does not necessarily know when a site would be re-occupied and concern was also expressed about who would pay for the de-energisation and subsequent energisation. This would make Suppliers reluctant to de-energise unless they are sure that the site would not be re-occupied. Other Group members stated that since there is a requirement in PSL120 for the NHHDC to make visits to de-energised sites once every year, that de-energising a Meter is not a one off cost. Some Group members felt that these visits would be on a reasonable endeavours basis and warrant would not be obtained in to visit de-energised sites, meaning that the costs would be lower if the Meter was de-energised.

One Group member stated that it would be entitled to apply for a warrant under the Schedule 6 of the Electricity Act 1989. Paragraph 5 (1) (B), 'for the purpose of ascertaining the register of any electricity meter'. However, being entitled to apply for a warrant does not mean that a warrant will automatically be granted. This Group member stated that work had been undertaken with the District Courts Association in Scotland, to ensure that the new Human Rights Act is taken into consideration when the application for a warrant is made. The Group member stated that most of the Courts are meticulous in ensuring that correct procedures have been followed and even where due process has been followed, some Courts still refuse to sign on the basis that it would not be "in the interests of justice" to grant a warrant. For example, the Courts would suggest that attempts be made to contact the owners of the premises and a timed visit to enter the property be arranged to read the Meter before a warrant could be granted, despite the fact that these attempts had already been made but severe difficulties have been encountered in eliciting the requisite response from public sector owners. Based on experience, this member thought that it would be extremely difficult to in obtain a warrant to enter a property for the purposes of reading a Meter in an empty house.

3.10.1.3 Cost of Long Term Vacant Sites - Analysis

Data was obtained from several Suppliers to assist in the approximation of the annual costs of Long Term Vacant sites that Suppliers currently face.

The analysis considered the number of Long Term Vacant sites in the data provided by Suppliers. From this the energy attributed to the Long Term Vacant site (i.e. the energy that is, wrongly, attributed to the site in Settlement) was calculated, if it had not been given. The energy was calculated by applying an average consumption to the sites worked out using data from the Performance Assurance Reporting and Monitoring System (PARMS).

The cost of the Long Term Vacant premises to the Supplier (non fixed costs) was calculated, from data provided by the Group, by:

- Using the average energy cost, average DUoS cost and average transmission cost and multiplying by the energy in the Long Term Vacant sites; and
- Using the average cost of NHHDC and Non Half Hourly Data Aggregator (NHHDA) per site per year and multiplying by the number of Long Term Vacant sites.

Cost of Long Term Vacant Sites

= (energy * {(average energy cost) + (average DUoS) + (average transmission)}) + (number * average NHHDC/NHHDA cost)

Average energy cost sourced from Parties £/KWh	0.0277
Average DUoS/unit cost sourced from Parties £/KWh	0.0108
Average transmission/unit cost sourced from Parties £/KWh	0.0031
Total £/KWh	0.0415
Average NHHDC/NHHDA cost sourced from Parties £/pa	5.51

Account was taken of the cost of energy returned to the Supplier via the GSP Group Correction Factor. This was calculated by assuming the Supplier would receive their market shares proportion of the energy back and applying the average energy cost to this.

Energy Rebate due to GSP GCF

= energy * £ average energy cost * market share in GSP

Where market share in GSP was sourced from PARMS

The cost of the Long Term Vacant sites was calculated as the total cost minus the rebate from the GSP Group Correction Factor.

The cost is an overestimate due to data and modelling limitations as a Supplier would receive more rebate than has been assumed, at least 50% of cost is certain. The cost of warrants is shown as a comparison.

	Supplier 1	Supplier 2	Supplier 3	Supplier 4	Supplier 5	Supplier 6	Supplier 7	Supplier 8
Proportion Long Term Vacant Sites	0.3%	0.3%	0.7%	1.5%	1.5%	1.6%	1.7%	2.1%
Cost Long Term Vacant sites (£000)	£3,682	£391	£2,263	£3,197	£2,873	£3,383	£2,399	£4,217
Cost Warrants (£000)	£1,568	£226	£1,254	£1,760	£1,476	£2,147	£1,322	£2,102

	OVERALL
Proportion Long Term Vacant Sites	0.9%
Cost Long Term Vacant sites (£000)	£22,405
Cost Warrants (£000)	£11,856

It should also be noted that the cost of obtaining a warrant may be a one off cost if the site is de-energised when access using the warrant is obtained, whereas the costs highlighted above are annual costs. Since there is a requirement in PSL120 for NHHDCs to visit de-energised sites, the Groups views were split as to whether the costs of obtaining warrants is actually a one off cost.

3.10.1.4 Cost Benefit Analysis Summary

From the data analysis carried out, the main conclusions of the Group are as follows:

- Approximately 1% of sites in Great Britain are Long Term Vacant;
- Suppliers in the P196 Modification Group are paying approximately £22,405,000[5] each year for Long Term Vacant sites which are settling on non-zero EACs despite having no consumption; and
- The cost of obtaining warrants for all Long Term Vacant sites owned by Suppliers in the P196 Modification Group is approximately £11,856,000.
- The Group were split on whether obtaining a warrant to de-energise a site would be a one off cost, given that there is a requirement in PSL120 for NHHDCs to visit de-energised sites.

3.10.2 Views of Respondents to Assessment Procedure Consultation

The consultation asked whether participants currently applied for warrants, and if so whether they encountered any problems. The majority of respondents stated that they did not apply for warrants. One respondent stated that it use to apply for warrants but ceased applying for them as the process was found

[5] Note that this figure is based on the data provided by Suppliers as part of Issue 14, and therefore represents approximately 57% of all Non-Half Hourly sites.

to be inefficient and uneconomical. This respondent questioned the value of obtaining warrants to confirm that there is no energy being used on site. One respondent stated that it does not have problems with obtaining warrants, except in isolated cases and that they had worked closely with the Scottish Executive and District Courts Association and supported the development of a best practise document which is provided to Utilities within Scotland. Another respondent stated that it finds the process of obtaining warrants very costly, and obtaining a warrant doesn't even ensure that access can be gained. Another respondent stated that generally, they find obtaining warrants straightforward, however it is sometimes more difficult in Scotland.

3.10.3 Modification Group's Conclusions

The majority of the Group felt that the costs and difficulties in obtaining warrants was not justified to ensure that no energy was being used on site. Some members of the Group also felt that the electricity industry would receive bad press if warrants were obtained for all Long Term Vacant sites and the companies had to break down doors in properties just to take Meter readings especially in areas where there are many such sites, e.g. the North West, Midlands and Scotland.

The Group questioned whether those companies who were able to obtain warrants were obtaining them to take Meter readings as opposed to de-energising Metering Systems, and whether they were being obtained purely for electricity, or for gas as well. The Group felt that it may be easier to obtain a warrant to de-energise a Meter, for safety reasons or for issues on the gas side rather than for gaining a Meter reading. One Group member confirmed that the warrants that their company applied for were cessation warrants for electricity supply only. Some members of the Group felt that the benefits of obtaining a cessation warrant were that Settlement would be correctly aligned with the actual consumption and it would negate the issues associated with determining when a site starts re-consuming electricity.

The Group also agreed that the costs of obtaining warrants for these sites could ultimately be passed onto customers that are consuming electricity. Some members of the Group noted that they would not wish to de-energise sites that may be re-occupied in the futures as this would be an inconvenience in terms of costs and time to Suppliers requesting de-energisation and subsequent energisation and to customers who may want to move into a previously Long Term Vacant site and who may then have to wait for the site to be energised. The Group agreed that the impact on consumers was outside the scope of the BSC.

3.11 Implementation Approach and Costs

3.11.1 Results of Proposed Modification Impact Assessment

PROPOSED MODIFICATION IMPLEMENTATION COSTS[6]

		Stand Alone Cost	Incremental Cost	Tolerance
Total Demand Led Implementation Cost		£0	£0	+/- 0%

ELEXON Implementation		51 Man days	11 Man days	+/- 10%

[6] An explanation of the cost terms used in this section can be found on the BSC Website at the following link: http://www.elexon.co.uk/documents/Change_and_Implementation/Modifications_Process_-_Related_Documents/Clarification_of_Costs_in_Modification_Procedure_Reports.pdf

Resource Cost		£11,220	£2,420	
Total Implementation Cost		£11,220	£2,420	+/- 10%

PROPOSED MODIFICATION ONGOING SUPPORT AND MAINTENANCE COSTS

	Stand Alone Cost	Incremental Cost	Tolerance
Service Provider Operation Cost	£ 0 per annum	£ 0 per annum	+/-0%
Service Provider Maintenance Cost	£ 0 per annum	£ 0 per annum	+/-0%
ELEXON Operational Cost	£ 0 per annum	£ 0 per annum	+/-0%

a) BSC Agent Impact

There is no impact on any BSC Agent as part of the Proposed Modification. If Alternative Modification option 2 were being taken forwards, there would be an impact on the NHHDA software, which is centrally provided. This is included in Appendix 5.

If this process is included in the scope of the BSC Audit, then there would be an impact on the BSC Auditor, however this is business as usual and any additional costs would be negotiated through existing contracts.

b) BSC Party and Party Agent Impact

Suppliers (if they choose to use this process) and NHHDCs would need to put in place processes to support P196. LDSOs would have to decide whether they wish to receive the reports of Long Term Vacant sites, and if requested Suppliers would have to provide these reports. Parties and Party Agents have indicated costs of between £10,000 and £50,000 to implement P196 and lead times of between 3 and 6 months. The impact assessment responses from Parties and Party Agents are included in Appendix 5.

c) Transmission Company Impact

P196 does not impact the Transmission Company. The Transmission Company analysis is included Appendix 5.

d) BSCCo Impact

BSCCo would need to make changes to the Code and BSCP504 to implement P196. The draft legal text for P196 is included in Appendix 1. The changes to BSCP504 are included in Appendix 2.

3.11.2 Modification Group's Conclusions

The Modification Group agreed that Suppliers would need to determine whether to use this process. If requested by the Supplier, NHHDC's would have to use this process. Suppliers and their agents would choose how to implement the process to be consistent with the requirements set out in section 2 above. The Group agreed that P196 should be implemented as part of a fixed release.

The Modification Group agreed the following recommended implementation approach for P196:

- An Implementation Date for the Proposed Modification of 22 February 2007 if an Authority decision is received on or before 21 August 2006, or 28 June 2007 if the Authority decision is received after 21 August 2006 but on or before 19 December 2006.

If P196 is approved, any period of Long Term Vacancy would be able to start on or after the Implementation Date of P196. Any closure of an account by a customer or D0004 to be used as the start date of the Long Term Vacant period must have occurred after the Implementation Date i.e. a site cannot be identified as Long Term Vacant until at least 3 months after the Implementation Date.

3.12 Legal Text

The Modification Group has reviewed the text by correspondence and agrees that it delivers the solution developed by the Group. Five group members have confirmed that they have reviewed the draft legal text, one of these was subject to the caveat that the amendments to BSCP504 have not yet been drafted. The text was amended slightly in response to one suggested change. ..

A plain English version of the legal text together with the draft legal text is included in Appendix 1.

4 Assessment of Modification Against Applicable BSC Objectives

This section outlines the views of consultation respondents and the Modification Group regarding the merits of P196 against the Applicable BSC Objectives.

4.1 Proposed Modification

4.1.1 Modification Group's Initial Discussions

The **MAJORITY** view of the Modification Group was that the Proposed Modification **WOULD** better facilitate the achievement of Applicable BSC Objective (c) when compared to the current Code baseline, for the following reasons:

Applicable BSC Objective (c): Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;

- A solution would result in a more equitable treatment of Suppliers, as currently those Suppliers with few or no Long Term Vacant sites benefit from the over-statement of energy and the inequitable allocation of energy between them, with all those associated costs;
- The numbers of Long Term Vacant sites in Settlements is a market risk as Suppliers have to pay for Long Term Vacant sites where there is actually no energy used. Market risks could be seen as a barrier to entry to new participants as they have less resource to resolve these issues;
- Currently Suppliers can only correct the over-statement of energy in Settlements for Long Term Vacant sites by obtaining an actual meter reading. The high cost and additional administrative effort to obtain such reads represents significant process inefficiency;
- There would be better consumption data entering Settlements thereby improving the accuracy of Settlements. This would reduce the issues associated with aged EACs as Long Term Vacant sites which tend to have these EACs; and
- The analysis undertaken by the Group shows that there is significant evidence of over consumption in Settlement due to Long Term Vacant sites. The cost related to this over consumption is significantly higher than the cost of implementing Proposed Modification P196.

A **MINORITY** of the Modification Group believed that the Proposed Modification **WOULD NOT** better facilitate the achievement of Applicable BSC Objective (c) when compared to the current Code baseline, for the following reasons:

Applicable BSC Objective (c): Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;

- The Modification assumes that there is an overstatement of energy in Settlement due to Long Term Vacant sites. Just because a site has been identified as Long Term Vacant, this does not mean that there is no energy / consumption going through the Meter;
- Suppliers should obtain actual Meter readings to ensure that the energy allocated to them in Settlements is correct. If a site is not in use then it should be de-energised to ensure that no energy can pass through the Meter as opposed to assuming that no energy is passing through the Meter because the site appears to be Long Term Vacant.

4.1.2 Views of Respondents to Assessment Procedure Consultation

The **MAJORITY** of respondents to the Assessment Procedure Consultation believed that the Proposed Modification would better facilities the achievement of Applicable BSC Objective (c) for the reasons detailed in section 4.1.1 above. This included responses from both large and small organisations.

One respondent to the consultation questioned the arguments provided by the Group as to why P196 does not better facilitate the achievement of Applicable BSC Objective (c) as set out in section 4.1.1 above as follows:

- '*The Modification assumes that there is an overstatement of energy in Settlement due to Long Term Vacant sites.'* The respondent believed that the analysis undertaken within Issue 14 concluded (unanimously) that there were a large number of Long Term Vacant sites (approximately 1% of the NHH Market is Long Term Vacant) leading to an over accounting of energy in Settlement;
- '*Just because a site has been identified as Long Term Vacant, this does not mean that there is no energy / consumption going through the Meter.'* The respondent felt that whilst this could be seen to be true, the analysis carried out under Issue 14 makes this unlikely; and
- *'Suppliers should obtain actual Meter readings to ensure that the energy allocated to them in Settlements is correct'.* The respondent felt that the Issue 14 Group had indicated how difficult and costly the process of obtaining warrants is to determine that there is no consumption on site, and so this is not as easy as it sounds.

The **MINORITY** view of respondents to the Assessment Procedure consultation was that the Proposed Modification would not better facilitate the achievement of Applicable BSC Objective (c) for the reasons detailed in section 4.1.1 above and the following reasons:

- P196 creates potential inconsistencies between Suppliers (it specifically excludes Suppliers with an annual read cycle) and those using the process would gain an unfair advantage by entering zero EAC for Long Term Vacant sites, which may actually be consuming energy;
- Suppliers operating this process are more likely to make a commercial decision to leave the supply on rather than carry out a de-energisation when informed that a customer is vacating the property;
- Suppliers operating the process benefit from undetected consumption;
- There is a greater overall risk to Settlement including theft through leaving supply on at empty premises, especially where premises are not boarded up;

- The process is potentially open to abuse due to lack of visibility to the industry as a whole. Current issues relating to incorrect energisation status indicates that this will be an issue; and

One respondent to the consultation questioned the arguments provided by the Group as to why P196 does better facilitate the achievement of Applicable BSC Objective (c) as set out in section 4.1.1 above as follows:

- *'The numbers of Long Term Vacant sites in Settlements is a market risk which could be seen as a barrier to entry to New Entrants'.* The respondent felt that new entrants would not acquire significant numbers of Long Term Vacant sites. This respondent therefore felt that New Entrants would be able to address this issue as it arose. The Group noted that a separate response had been received from a small Supplier in support of P196;
- *'Currently Suppliers can only correct the over-statement of energy in Settlements for Long Term Vacant sites by obtaining an actual meter reading. The high cost and additional administrative effort to obtain such reads represents significant process inefficiency'*. The respondent felt that improvements to the system of obtaining readings should be sought as opposed to removing the obligation to obtain a reading; and
- *'There would be better consumption data entering Settlements thereby improving the accuracy of Settlements'*. The respondent felt that Settlement accuracy could only be achieved through obtaining a Meter reading.

4.1.3 Modification Group's Assessment

The Modification Group discussed the responses to the consultation in relation to whether P196 better facilitates the achievement of the Applicable BSC Objectives. Those members of the Modification Group who supported P196 agreed with the arguments made in relation to why P196 better facilitates the achievement of the Applicable BSC Objectives and those members of the Modification Group who did not support P196 agreed with the arguments made in relation to why P196 does not better facilitates the achievement of the Applicable BSC Objectives. The Modification Group provided their views on some of the responses provided in the consultation as follows:

- *'The numbers of Long Term Vacant sites in Settlements is a market risk. Market risks could be seen as a barrier to entry to new participants as they have less resource to resolve these issues'.* Some members of the Modification Group felt that new Suppliers would be unlikely to take on Long Term Vacant sites as there would have to be a change of Supplier for a Long Term Vacant site for a new Supplier to take one on, and it was felt that a change of Supplier for a Long Term Vacant site would be rare. Other members of the Group noted that a reasonably new Supplier had responded to the consultation in support of P196.
- *'P196 creates potential inconsistencies between Suppliers (it specifically excludes Suppliers with an annual read cycle)'.* Some members of the Group felt that the solution does not exclude Suppliers with annual read cycles as these Suppliers can continue reading Meters annually, however, if they wanted to use the Long Term Vacant Site solution, they would have to change their read cycle for those specific sites. It was also noted that it is the choice of the Supplier as to whether they use the Long Term Vacant site solution whether they continue to settle these sites on non-zero EACs.
- *'Suppliers operating this process are more likely to make a commercial decision to leave the supply on rather than carry out a de-energisation when informed that a customer is vacating the property'.* Some members of the Group felt that Suppliers are incentivised to gain access to sites to obtain a Meter read as outside of the BSC requirements as bills should be based on accurate Meter readings as opposed to estimates.
- *'Suppliers operating the process benefit from undetected consumption'* and *'There is a greater overall risk to Settlement including theft through leaving supply on at empty premises, especially where premises are not boarded up'.* The Theft project has suggested that the problem of

undetected consumption is actually more of an issue for occupied sites than Long Term Vacant ones.

- *'The process is potentially open to abuse due to lack of visibility to the industry as a whole. Current issues relating to incorrect energisation status indicates that this will be an issue'.* Some members of the Group felt that the proposed solution is transparent and auditable and felt that if the Panel or the PAB felt that the process is risky, then it would be included in the scope of the BSC Audit or as a Technical Assurance check.

In addition some members of the Modification Group felt that P196 should not have been raised, and existing processes outside of the BSC should be enhanced to manage Long Term Vacant sites. Some members also felt that the BSC should not be providing a compensatory mechanism for Suppliers who make a commercial decision not to gain access and de-energise Metering Systems at sites which they categorise as Long Term Vacant. Other members felt that the current arrangements provide a compensatory mechanism for Suppliers who do not have many Long Term Vacant sites.

By a slim **MAJORITY**, the view of the Modification Group was that the Proposed Modification would better facilitate the achievement of Applicable BSC Objective (c) when compared to the current Code baseline, for the reasons detailed in section 4.1.1 above. In addition some members of the Group also believed that the Proposed Modification would better facilitate achievement of Applicable BSC Objective (d) as greater accuracy of Settlement data and equitability between Suppliers would improve the efficiency of the balancing and Settlement arrangements.

The **MINORITY** view of the Modification Group was that the Proposed Modification would not better facilitate the achievement of Applicable BSC Objective (c) when compared to the current Code baseline, for the reasons detailed in sections 4.1.1 and 4.1.2 above and also for the following reasons:

- This Modification would have the potential to allow the under-reporting of consumption at individual sites into Settlement; and
- This proposal reduces the natural incentives to obtain access to obtain Meter readings.

Some members of the Modification Group disagreed with the argument relating to reducing the natural incentive to obtain access to obtain Meter readings on the basis that they felt that this Modification actually encourages Suppliers to attempt to obtain Meter readings at least every seven months so that the site can continue to be categorised as Long Term Vacant. If the site was de-energised then the requirements would be to attempt to obtain access once a year.

The Group agreed that the Proposed Modification would have a neutral impact on Applicable BSC Objectives (a) and (b).

4.2 Options for Alternative Modifications

It should be noted that the Modification Group agreed that neither of the options for an Alternative Modification should be taken forward to form the Alternative Modification as the majority of the Modification Group believed that neither of the options better facilitated the achievement of the Applicable BSC Objectives compared to the Proposed Modification. The arguments against the Applicable BSC Objectives in relation to the two options for an Alternative Modification have therefore been included here for information only.

4.2.1 Modification Group's Initial Discussions

4.2.1.1 Alternative Modification Option 1

The initial **UNANIMOUS** view of the Modification Group was that Alternative Modification option 1 (setting the AA to zero) **WOULD NOT** better facilitate achievement of Applicable BSC Objective (c) when compared to the Proposed Modification or the current baseline for the following reason:

Applicable BSC Objective (c): Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;

- This option would introduce a degree of uncertainty into the market as a positive EAC may be associated with the Metering System at one point, which becomes a zero AA later on. This means that Suppliers would find it difficult to forecast the volumes of energy that they are using.

4.2.1.2 Alternative Modification Option 2

The initial **MINORITY** view of the Modification Group was that Alternative Modification option 2 (defining a new Measurement Class for Long Term Vacant sites) **WOULD** better facilitate the achievement of Applicable BSC Objective (c) when compared to the current baseline, for the same reasons as detailed against the Proposed Modification.

When compared to the Proposed Modification, the Modification Group believed that Alternative Modification option 2 would better facilitate Applicable BSC Objective (c) although it would not better facilitate Applicable BSC Objective (d) for the following reasons:

Applicable BSC Objective (c): Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;

- Alternative Modification option 2 would be more accurate than the Proposed Modification and therefore would be more equitable; and
- Alternative Modification option 2 would define Long Term Vacant sites with a new Measurement Class. This would mean that Long Term Vacant sites would be more visible to the whole of the industry, meaning that the solution is more robust and transparent than the Proposed Modification.

Applicable BSC Objective (d): Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.

- Alternative Modification Option 2 is more costly than the Proposed Modification.

The initial **MINORITY** view of the Modification Group was that Alternative Modification option 2 **WOULD** better facilitate the achievement of the Applicable BSC Objectives when compared to the Proposed Modification as the benefits perceived under Applicable BSC objective (c) outweigh the costs against Applicable BSC Objective (d).

The initial **MAJORITY** view of the Modification Group was that Alternative Modification option 2 **WOULD NOT** better facilitate the achievement of the Applicable BSC Objectives when compared to the Proposed Modification as the costs against Applicable BSC objective (d) outweigh the benefits perceived under Applicable BSC Objective (c).

4.2.2 Views of Respondents to Assessment Procedure Consultation

4.2.2.1 Alternative Modification Option 1

By a slim **MAJORITY**, the view of respondents to the Assessment Procedure consultation was that Alternative Modification option 1 **WOULD** better facilitate the achievement of Applicable BSC Objective (c) when compared to the current baseline for the same reasons as given in section 4.1.1 above in relation to the Proposed Modification.

By a slim **MINORITY**, the view of respondents to the Assessment Procedure consultation was that Alternative Modification option 1 **WOULD NOT** better facilitate the achievement of Applicable BSC Objective (c) when compared to the current baseline for the same reasons as give in section 4.1.1 above in relation to the Proposed Modification.

The **MAJORITY** view of respondents to the Assessment Procedure consultation was that Alternative Modification option 1 **WOULD NOT** better facilitate the achievement of Applicable BSC Objective (c) when compared to the Proposed Modification for the same reasons as give in section 4.2.1 above and for the following reason:

Applicable BSC Objective (c): Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;

- This option would have increased costs on participants due to the regular processing required to repeatedly set the AA to zero during the Long Term Vacant lifetime, compared to the proposed Modification.

The **MINORITY** view of respondents to the Assessment Procedure consultation was that Alternative Modification option 1 **WOULD** better facilitate the achievement of Applicable BSC Objective (c) when compared to the Proposed Modification for the following reasons:

Applicable BSC Objective (c): Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;

- This option would prevent zero EACs continuing where there is actually consumption on site; and
- This option provides a greater incentive for the Supplier to continue to check that sites remain Long Term Vacant.

4.2.2.2 Alternative Modification Option 2

By a slim **MAJORITY**, the view of respondents to the Assessment Procedure consultation was that Alternative Modification option 2 **WOULD** better facilitate the achievement of Applicable BSC Objective (c) when compared to the current baseline for the same reasons as give in section 4.1.1 above in relation to the Proposed Modification.

By a slim **MINORITY**, the view of respondents to the Assessment Procedure consultation was that Alternative Modification option 2 **WOULD NOT** better facilitate the achievement of Applicable BSC Objective (c) when compared to the current baseline for the same reasons as give in section 4.1.1 above in relation to the Proposed Modification.

The **MAJORITY** view of respondents to the Assessment Procedure consultation was that Alternative Modification option 2 **WOULD NOT** better facilitate the achievement of Applicable BSC Objective (c) or (d) when compared to the Proposed Modification for the following reasons:

Applicable BSC Objective (c): Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;

- This option would further increase complexity and give rise to more D0095 exceptions that would have to be managed by the Supplier.

Applicable BSC Objective (d): Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.

- The central costs of this option outweigh any benefits in terms of increased visibility and automation.

The **MINORITY** view of respondents to the Assessment Procedure consultation was that Alternative Modification option 2 **WOULD** better facilitate the achievement of Applicable BSC Objective (c) when compared to the Proposed Modification for the following reasons:

Applicable BSC Objective (c): Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;

- This option does not require the revision of consumption estimates and so is easily put in place and reversed;
- This option offers greater automation;
- This option is fully visible and therefore fully auditable and robust to change of Supplier;
- Should a Meter reading be obtained then this would still be entered into Settlements and a D0095 exception produced; and
- This option would remove the need for additional Supplier reporting to LDSOs.

4.2.3 Modification Group's Conclusions

4.2.3.1 Alternative Modification Option 1

The **MAJORITY** view of the Modification Group was that Alternative Modification option 1 **WOULD NOT** better facilitate the achievement of Applicable BSC Objective (c) when compared to the current baseline for the same reasons as give in section 4.1.1 above in relation to the Proposed Modification.

The **MINORITY** view of the Modification Group was that Alternative Modification option 1 **WOULD** better facilitate the achievement of Applicable BSC Objective (c) when compared to the current baseline for the same reasons as give in section 4.1.1 above in relation to the Proposed Modification.

The **MAJORITY** view of the Modification Group was that Alternative Modification option 1 **WOULD NOT** better facilitate the achievement of Applicable BSC Objective (c) when compared to the Proposed Modification for the same reasons as given in sections 4.2.1 and 4.2.2 above.

The **MINORITY** view of the Modification Group was that Alternative Modification option 1 **WOULD** better facilitate the achievement of Applicable BSC Objective (c) when compared to the Proposed Modification for the same reasons as given in section 4.2.2 above[7].

[7] It should be noted that this argument was provided earlier in the process by an attendee.

4.2.3.2 Alternative Modification Option 2

By a slim **MAJORITY**, the view of the Modification Group was that Alternative Modification option 2 **WOULD NOT** better facilitate the achievement of Applicable BSC Objective (c) when compared to the current baseline for the same reasons as give in section 4.1.1 above in relation to the Proposed Modification.

By a slim **MINORITY**, the view of the Modification Group was that Alternative Modification option 2 **WOULD** better facilitate the achievement of Applicable BSC Objective (c) when compared to the current baseline for the same reasons as give in section 4.1.1 above in relation to the Proposed Modification.

The **MAJORITY** view of the Modification Group was that Alternative Modification option 2 **WOULD NOT** better facilitate the achievement of Applicable BSC Objectives (c) or (d) when compared to the Proposed Modification for the same reasons as given in section 4.2.2 above.

The **MINORITY** view of the Modification Group was that Alternative Modification option 2 **WOULD** better facilitate the achievement of Applicable BSC Objective (c) when compared to the Proposed Modification for the same reasons as given in section 4.2.2 above.

4.3 Final Recommendation to the Panel

On the basis of the above assessment, the Modification Group therefore agreed a **MAJORITY** recommendation to the Panel that:

- The Proposed Modification **SHOULD** be made.

The Modification Group also agreed by **MAJORITY** that no Alternative Modification would be proposed.

The Modification Group **UNANIMOUSLY** recommended:

- An Implementation Date for the Proposed Modification of 22 February 2007 if an Authority decision is received on or before 21 August 2006, or 28 June 2007 if the Authority decision is received after 21 August 2006 but on or before 19 December 2006.

The Modification Group also agreed legal text in Appendix 1.

5 TERMS USED IN THIS DOCUMENT

Other acronyms and defined terms take the meanings defined in Section X of the Code.

Acronym / Term	Definition
AA	Annualised Advance
BSC	Balancing and Settlement Code
BSCP	Balancing and Settlement Code Procedure
DTC	Data Transfer Catalogue
EAC	Estimated Annual Consumption
HHDA	Half Hourly Data Collector
HHDC	Half Hourly Data Aggregator
IREG	Issues Resolution Group
MRA	Master Registration Agreement
PSL	Party Service Line

RF	Final Reconciliation
SMRS	Supplier Meter Registration Service

6 DOCUMENT CONTROL

6.1 Authorities

Version	Date	Author	Reviewer	Reason for Review
0.1	13/02/06	Katie Key	Sarah Jones	For peer review
0.2	24/02/06	Katie Key	P196 Modification Group	For Modification Group review
0.3	27/02/06	Katie Key	Sarah Jones Alex Grieve	For technical review and quality review
0.4	03/03/06	Katie Key	P196 Modification Group	Incorporating Comments
1.0	03/03/06	Change Delivery		For Panel decision

6.2 References

Reference	Document Title	Owner	Issue Date	Version
Reference 1	Report for Issue 14	BSCCo	07/10/05	1.0

6.3 Intellectual Property Rights, Copyright and Disclaimer

APPENDIX 1: DRAFT LEGAL TEXT

Draft legal text for the Proposed Modification is attached as a separate document, Attachment 1A.

The plain English legal text for P196 is as follows:

Annex X-1 'Definitions and Interpretations'

A new definition for Long Term Vacant status should be added as follows:

'Long Term Vacant means the status of a metered Metering System which is registered in the SMRS as energised, where there is no access to the Metering Equipment and where the Supplier of the Metering Equipment has met the conditions set out in BSCP504'.

Section S 'Supplier Volume Allocation' / Annex S-2

A new paragraph should be added as follows:

'a) Where a site qualifies for Long Term Vacant status in accordance with BSCP504, the Supplier may instruct its associated NHHDC to replace the EAC_{KR} for the site, calculated in accordance with Annex S-2, 4.3.7 with $EAC_{KR} = 0$;

b) Where a Supplier has instructed its associated NHHDC to replace the EAC_{KR} for a Long Term Vacant site, the Supplier should have in place processes to ascertain when the site is no longer Long Term Vacant in accordance with BSCP504;

c) Where a Supplier identifies that a site that had been considered to be Long Term Vacant no longer qualifies for Long Term Vacant status, in accordance with BSCP504, the Supplier must instruct its associated NHHDC to replace the EAC_{KR} for the site with either the EAC_{KR} calculated in accordance with Annex S-2, 4.3.7 or an initial value of Estimated Annual Consumption or a value of Estimated Annual Consumption determined by the Supplier which is representative of the most likely rate of generation or demand for that Metering System;

An addition to paragraph 4.3.2 of Annex S-2 should be made to make clear the paragraphs that apply in the rest of 4.3 (i.e. the new paragraph detailed below) and the paragraphs that do not apply (i.e. 4.3.3 to 4.3.8) for Long Term Vacant sites.

APPENDIX 2: PLAIN ENGLISH BSCP504 CHANGES

The changes to BSCP504 would be developed during the implementation phase should P196 be approved. These changes would be based on the solution set out in section 2 of this report. In summary, a new section will be added to BSCP504 setting out the process that Suppliers and NHHDCs should follow to identify a site as Long Term Vacant, to enter a zero EAC into Settlements and to identify when the Long Term Vacant period ends.

BSCP504 would contain the criteria for identifying that a Metering System can be treated as Long Term Vacant as follows:

1. One that is energised according to the Supplier Meter Registration Service (SMRS);

2. One where the NHHDC is unable to gain access to the property to read the Meter;

3. One where the Supplier has received from the NHHDC at least two D0004 'Notification of Failure to Obtain a Reading' data flows, at least 3 months apart and not more than 7 months apart with the Site Visit Check Code data item (J0024) populated with code 02 'Site not Occupied'. The Supplier must also check that no data flows containing the J0040 'Register Reading' data item have been received or any D0004s with a Site Visit Check Code of anything other than a 02 have been received between the two D0004s with the code 02. If this had occurred then condition (3) would not have

been satisified. . If any flows with no Site Visit Check Code had been received these would be excluded for the purposes of the Long Term Vacacnt Solution.

4. The Supplier must have made proactive attempts to identify the owner of the property and attempt to obtain a reading. The following could be seen as proactive attempts to identify the owner of the property and attempting to obtain a reading:

- Checks to see whether the same issues occur for gas (noting that this is only possible where the Supplier supplies both gas and electricity to the property, and that gas Meters can often be found on the outside of the property); or
- Attempts have been made to contact such bodies as estate agents, letting agents, councils, the land registry etc to find out who the owner is. Where an owner has been identified, attempts have been made to contact the owner and obtain a reading without success.

The Supplier would have to do one of the above (or something similar) to satisfy condition (4). The Supplier would need to keep records of this as it would be audited.

If the site met the above criteria, but the Supplier was aware that there was consumption on that site, then the Supplier would not be able to categorise the site as Long Term Vacant.

BSCP504 would then set out the rules for determining the start date of the Long Term Vacant period as the earlier of:

- The date of the first D0004 with Site Visit Check Code 02; or
- The date that a customer closed its account provided that this is no more than seven months before the date of the first D0004 with Site Visit Check Code 02 and that no D0004s with Site Visit Check Code of anything other than 02 or a data flow containing the J0040 'Register Reading' data item have been received between the date that the customer closed its account and the date of the first D0004 with Site Visit Check Code 02.

BSCP504 would then detail the process for the Supplier to inform the NHHDC that a Metering System should be treated as Long Term Vacant by sending a D0052 with a zero EAC and the associated Effective from Date. The NHHDC would then check to see whether there was a Meter reading for that Effective from Date. If no Meter reading is available a Meter reading would be deemed for this date using the normal deeming rules contained in the Code Annex S-2 and BSCP504. This deemed reading would be sent to the Supplier in the normal way (using the D0010 'Meter Readings').

The NHHDC would calculate an Annualised Advance (AA) up to the Effective from Date for the zero EAC in the usual manner. The NHHDC would replace any EAC calculated using normal Settlement processes with a zero EAC. The NHHDC would send the EACs and the AAs to the NHHDA in the normal manner (i.e. using the D0019 'Metering System EAC/AA data in accordance with BSCP504, section 3.3.11).

Next, BSCP504 would contain the processes that the Supplier should have in place to identify where a site would no longer qualify for Long Term Vacant treatment as follows:

- That a Long Term Vacant site has not been visited for more that seven months (i.e. there would be no D0004s or data flows containing the J0040 'Register Reading' data item received for that Metering System for at least seven months); or
- That no proactive attempts have been made by it to try to find out who the owner of the property is or to obtain a Meter reading (as described in above) in the seven month period from the receipt of a D0004; or
- That a D0004 with a Site Visit Check Code of anything other than 02 is received; or
- That the Supplier has found or been informed of the owner of the property and has obtained a Meter reading. This would include a change of tenancy scenario.

In addition, the site would no longer qualify for Long Term Vacant treatment if a Meter reading is obtained for the site (the Supplier would be informed of this by the receipt of a data flow containing the J0040 'Register Reading' data item from the NHHDC). In this scenario, the Supplier would not have to inform the NHHDC that the site no longer qualifies for Long Term Vacant treatment as this would be identified by the NHHDC.

If the Supplier identifies that the site no longer qualifies for Long Term Vacant treatment it should determine the end date of the Long Term Vacant period as follows:

- Where there has been a change of Supplier or change of tenancy, then the date of the change of Supplier or change of tenancy should be used as the end date for the Long Term Vacant period;
- Where a Meter reading has been obtained, the date that the Meter reading was obtained should be used as the end date for the Long Term Vacant period.
- Where no Meter reading has been obtained (i.e. the Supplier has received a D0004 with a Site Visit Check Code of something other than 02, or the Supplier has not attempted to read the Meter or make proactive attempts to find out the owner of the premises and obtain entry to take a Meter reading) then the date of the last D0004 with Site Visit Check Code 02 would be used as the end date for the Long Term Vacant period.

If the Supplier does not have a Meter reading, it should send a D0052 to the NHHDC. This D0052 should contain the class average EAC and an Effective from Date for this EAC (which would be the day after the end date of the Long Term Vacant period).

When the NHHDC is notified by the Supplier that the site no longer qualifies for Long Term Vacant treatment they would do the following:

- If no actual Meter reading had been obtained, the NHHDC would deem a reading for the date of the end of the Long Term Vacant period using the reading deemed at the start of the Long Term Vacant period and the zero EAC. This would effectively mean that the reading at the end of the Long Term Vacant period would be equal to the reading at the start of the Long Term Vacant period. The forward looking EAC would be the initial [class average] EAC or as instructed by the Supplier.
- If an actual Meter reading had been obtained (by the NHHDC or a Customer Own Read from the Supplier), this would be processed in the normal way. An AA would be calculated for the period prior to the Meter reading and an EAC would be calculated for the forward looking period using the normal rules for calculating AAs and EACs contained in Annex S-2 of the Code. These would be sent to the NHHDA.
- If there has been a period of greater than fourteen months between the reading obtained or deemed at the start of the Long Term Vacant period and new Meter reading obtained, a deemed Meter reading would need to be calculated at the Final Reconciliation (RF) Run boundary using the crystalised data (i.e. zero EAC) and the Meter readings would be processed using the normal rules.

No specific processes would be included in the Code Subsidiary Documents for dealing with Long Term Vacant sites which undergo change of Supplier. However it would be noted that the old Supplier is not required to inform the new Supplier that the site was being treated as Long Term Vacant. Therefore there would be no obligations on the new Supplier to have in place processes to identify whether the site is still Long Term Vacant.

Finally, BSCP504 will state that, where requested, Suppliers would be obliged to provide details of Metering Systems classified as Long Term Vacant to LDSOs when requested.

APPENDIX 3: PROCESS FOLLOWED

Copies of all documents referred to in the table below can be found on the BSC Website at: ELEXON - Modification Proposal 196

Date	Event
25/11/05	Modification Proposal raised by E.ON
08/12/05	IWA presented to the Panel
19/12/05	First Assessment Procedure Modification Group meeting held
11/01/06	Requirements Specification issued for BSC Agent impact assessment
11/01/06	Request for Party/Party Agent impact assessments issued
11/01/06	Request for Transmission Company analysis issued
11/01/06	Request for BSCCo impact assessment issued
25/01/06	BSC Agent impact assessment returned
25/01/06	Party/Party Agent impact assessments returned
25/01/06	Transmission Company analysis returned
25/01/06	BSCCo impact assessment returned
30/01/06	Second Assessment Procedure Modification Group meeting held
07/02/06	Assessment Procedure consultation issued
07/02/06	Second request for Party/Party Agent impact assessments issued
07/02/06	Second request for BSCCo impact assessment issued
20/02/06	Assessment Procedure consultation responses returned
20/02/06	Second Party/Party Agent impact assessments returned
20/02/06	Second BSCCo impact assessment returned
22/02/06	Third Assessment Procedure Modification Group meeting held
09/03/06	Assessment Report presented to the Panel

ESTIMATED COSTS OF PROGRESSING MODIFICATION PROPOSAL[8]

Meeting Cost	£1,500
Legal/Expert Cost	£0
Impact Assessment Cost	£5,000
ELEXON Resource	Man days 60 £15,400

MODIFICATION GROUP MEMBERSHIP

Member	Organisation	19/12/05	30/01/06	22/02/06
Sarah Jones	ELEXON (Chairman)	√	√	√
Katie-Ann Key	ELEXON (Lead Analyst)	√	√	√
Afroze Miah	E.ON (Proposer)	√	√	√
Philip Russell	Independent Consultant	N	√	√ (part)
Richard Harrison	Npower	√	√	N
Tim Roberts	Scottish Power	√	√	√
Martin Brandt	Scottish and Southern	√	√	√
Claire Walsh	Centrica	√	√	√
Tony Harris	EDF	√	√	√
James Evans	British Energy	N	√	√
Mark McGuire	Accuread	N	√	√

Attendee	Organisation	19/12/05	30/01/06	22/02/06
Natasha Hall	ELEXON (Lawyer)	√	√	√
Nicholas Rubin	Ofgem	√	√	√
John Lucas	ELEXON	√	N	N
Jon Spence	ELEXON	N	√	N
Glenn Sheern	E.ON	√	N	√
Chris Close	Accuread	√	N	N
Sean Tierney	Scottish Power	√	N	√

[8] Clarification of the meanings of the cost terms in this appendix can be found on the BSC Website at the following link: http://www.elexon.co.uk/documents/Change_and_Implementation/Modifications_Process_-_Related_Documents/Clarification_of_Costs_in_Modification_Procedure_Reports.pdf

Jonathan Perks	British Energy	√	N	N
Richard Slane	Centrica	N	√	N
Louise Hall	Npower	N	N	√

MODIFICATION GROUP TERMS OF REFERENCE

The Modification Group shall consider and/or include in the Assessment Report as appropriate:

- The process for Long Term Vacant sites:
  - The criteria that would be used to define a site as Long Term Vacant;
  - The method by which the Non-Half Hourly Data Collector (NHHDC) would know or be informed that a site qualified for Long Term Vacant;
  - The process that would need to be followed when a site is identified as Long Term Vacant;
  - The method by which the NHHDC would know or be informed that a site was re-occupied and therefore no longer qualified for Long Term Vacant treatment; and
  - The Process that would need to be followed when a site is identified as re-occupied.
- The Auditability of the process as the processes would need to be fully auditable since any misuse of the process would mean that electricity that is being used is excluded from Settlement. The Group will also need to consider the incentives on Parties identifying a site as Long Term Vacant and identifying it as re-occupied;
- The impact of the Solution for Long Term Vacant Sites on Party and Party Agent's Systems;
- The compatibility of the solution with other Settlement Processes as the solution put forwards must be compatible with settlement Processes such as the change of Supplier and deeming a reading at the Final Reconciliation Run boundary;
- The impact of this solution on Performance measures and whether the benefit of the Long Term Vacant sites solution justifies any distortion to performance indicators;
- Where the requirements for the Long Term Vacant site process should be drafted;
- Interactions with advances in Technology such as Automatic Meter Reading and whether the solution is valid going forwards bearing in mind advances in technology;
- The cost versus the benefit of the solution including any impacts on Distribution Use of System (DUoS) charging, noting that the Panel believed that any impact of this Modification on DUoS charging is outside the scope of the Applicable BSC Objectives but is useful information that should be included in the Modification Report for the Authority to consider as part of its wider duties; and
- Any potential Alternative solutions that should be developed.

APPENDIX 4: RESULTS OF ASSESSMENT PROCEDURE CONSULTATION

14 responses (representing 56 Parties and 12 non-Parties) were received to the P196 Assessment Procedure consultation.

A summary of the consultation responses is provided in the table below (bracketed numbers represent the number of Parties and non-Parties represented by respondents).

Consultation Responses

Q	Consultation question	Yes	No	N/A or Neutral
1.	Do you believe Proposed Modification P196 (setting the EAC to zero) better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s).	9 (41+11)	4 (15+0)	1 (0+1)
2.	Do you believe option 1 for an Alternative Modification P196 (setting the AA to zero) better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s). Compared to the current baseline Compared to the Proposed Modification	 7 (34+10) 2 (8+0)	 6 (22+1) 11 (48+11)	 1 (0+1) 1 (0+1)
3.	Do you believe option 2 for an Alternative Modification P196 (defining a new Measurement Class for Long Term Vacant sites and excluding Metering Systems in the Measurement Class from Settlement) better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s). Compared to the current baseline Compared to the Proposed Modification	 7 (35+4) 3 (10+2)	 6 (22+7) 9 (45+9)	 1 (0+1) 1 (0+1) Comparable 1 (1+0)
4.	Do you currently attempt to obtain warrants for Long Term Vacant sites? Please give rationale.	3 (8+1)	10 (48+10)	1 (0+1)
5.	If you do currently attempt to obtain warrants for Long Term Vacant sites, do you come across any issues with obtaining these? Please give examples.	1 (1+0)	3 (12+1)	10 (43+11)

Q	Consultation question	Yes	No	N/A or Neutral
6.	The Modification Group have suggested that once a site is identified as Long Term Vacant, that the Supplier should check that a D0004 with Site Visit Check Code 02 is received at least once every seven months and that the Supplier should make proactive attempts to identify the owner of the property and obtain a Meter reading at least once every seven months. Do you agree with the seven month timescale? Please give rationale and if you disagree with the timescale, please give an alternative timescale, with justification	7 (29+4)	4 (24+6)	3 (3+1)
7.	Do you agree with the Modification Group that the Change of Tenancy reading can be used as the start date for a Long Term Vacant site if it is within 7 months of the date of the first D0004 with site visit check Code 02? Please give rationale and if you disagree with the timescale, please give an alternative timescale, with justification.	9 (29+11)	3 (24+0)	2 (3+1)
8.	Do you believe that under the Proposed Modification, the NHHDC should be informed that a site is Long Tern Vacant via the D0052 or a manual process? Please also comment as to whether you believe the use of a flow or a manual process should remain optional and down to the Supplier? Please give rationale. D0052 or Manual? Mandatory or Optional?	 D0052 10 (43+10) Mandatory 10 (43+10)	 Manual 0 (0+0) Optional 1 (6+1)	 3 (7+1) Contractual arrangements 1 (6,1)
9.	If the use of the D0052 was mandated, what would be the impact on your organisation? Please give rationale.	Impacted 12 (53+11)	No Impact 2 (3+1)	
10.	Do you agree with the Modification Group that reporting is required by Suppliers to LDSOs under the Proposed Modification?	6 (11+4)	4 (29+1)	4 (16+7)
11.	Are there any further comments or any other data on P196 that you wish to provide?	10 (38+3)	4 (18+9)	

Since the second Impact Assessment asked a subsection of the consultation questions, a summary of the responses to these questions is provided below. 8 responses were received to the second Impact Assessment of P196. Of these 2 responses were not duplicates of consultation responses.

Q	Impact Assessment Question	Yes	No	N/A or Neutral
1.	Do you believe that under the Proposed Modification, the NHHDC should be informed that a site is Long Tern Vacant via the D0052 or a manual process? Please also comment as to whether you believe the use of a flow or a manual process should remain optional and down to the Supplier? Please give rationale. D0052 or Manual? Mandatory or Optional?	D0052 5 Mandatory 5	Contractual arrangements 1 Contractual arrangements 1	2 2
2.	If the use of the D0052 was mandated, what would be the impact on your organisation? Please give rationale.	Impacted 6	No Impact 1	1
3.	Do you agree with the Modification Group that reporting is required by Suppliers to LDSOs under the Proposed Modification?	3	3	2
4.	Are there any further comments or any other data on P196 that you wish to provide?	3	5	

Details of the arguments made by respondents can be found in Sections 2, 3 and 4, along with the Modification Group's consideration of these arguments. Full copies of the consultation responses are attached as a separate document, Attachment 4A.

APPENDIX 5: RESULTS OF IMPACT ASSESSMENT

During the Assessment Procedure two impact assessments were undertaken in respect of all BSC systems, processes, documentation and parties. The following have been identified as impacted by P196.

For details of the costs associated with these impacts, please refer to Section 3.

a) Impact on BSC Systems and Processes

BSC System	Impact of Proposed Modification	Impact of Alternative Modification Option 1	Impact of Alternative Modification Option 2
Supplier Volume Allocation	No impact.	No impact.	A new Measurement Class would be defined in MDD. The SVAA has indicated that this change to MDD is a business as usual change which would be carried out in the same way as any other change to MDD.
NHHDA software	No impact.	No impact.	The SVACSS has indicated that this solution would have a significant impact on the NHHDA

BSC System	Impact of Proposed Modification	Impact of Alternative Modification Option 1	Impact of Alternative Modification Option 2
			software. This would cost £189,994 + VAT and would take a total of 18 weeks to develop.

A copy of the full BSC Agent impact assessment is attached as a separate document, Attachment 5A.

b) Impact on BSC Agent Contractual Arrangements

BSC Agent Contract	Impact of Proposed/Alternative Modification
PwC (BSC Auditor, Certification Agent)	The BSC Audit scope may increase to include this Modification. This would be treated as business as usual.

c) Impact on BSC Parties and Party Agents

Suppliers and NHHDCs would be impacted by the Proposed and Alternative Modification – option 1 as detailed in this document.

Suppliers, NHHDCs, NHHDAs and Supplier Meter Registration Agents would be impacted by the Alternative Modification – option 2 as detailed in this document.

Any user of the D0004 (Suppliers, NHHDCs, HHDCs) may be impacted by any changes to the D0004.

The following data flows contain instances of the Measurement Class Id (J0082): D0019, D0052, D0055, D0057, D0089, D0091, D0150, D0152, D0203, D0204, D0205, D0209, D0213, D0259, D0260, D0269, D0270, D0289, D0310. Any users of these flows (Suppliers, NHHDCs, NHHDAs, HHDCs HHDAs, Meter Operators, Licensed Distribution System Operators (LDSOs) SMRS, SVAA) may be impacted by the additional Measurement Class.

Further details of the process that would need to be supported by Parties and Party Agents are contained in section 2.

Full copies of the initial Party and Party Agent impact assessment responses are attached as a separate document, Attachment 5B. Full copies of the second Party and Party Agent impact assessment responses are attached as a separate document, Attachment 5C.

d) Impact on Transmission Company

The Transmission Company has provided the following analysis in respect of P196:

Q	Question	Response
1	Please outline any impact of the Proposed Modification on the ability of the Transmission Company to discharge its obligations efficiently under the Transmission Licence and on its ability to operate an efficient, economical and co-ordinated transmission system.	None. P196 applies to the NHH market and therefore does not affect National Grid's ability to operate an efficient, economical and co-ordinated transmission system.
2	Please outline the views and rationale of the Transmission Company as to whether the Proposed Modification would better facilitate achievement of the Applicable BSC Objectives.	Although the Transmission Company is not directly affected by P196 we believe that setting the EAC of long term vacant sites to zero as envisaged in P196 will better facilitate the Applicable BSC objectives by more accurately allocating energy between suppliers and thus producing more accurate DUOS charges.
3	Please outline the impact of the Proposed Modification on the computer systems and processes of the Transmission Company, including details of any changes to such systems and processes that would be required as a result of the implementation of the Proposed Modification.	None.
4	Please outline any potential issues relating to the security of supply arising from the Proposed Modification.	None.
5	Please provide an estimate of the development, capital and operating costs (broken down in reasonable detail) which the Transmission Company anticipates that it would incur in, and as a result of, implementing the Proposed Modification.	None.
6	Please provide details of any consequential changes to Core Industry Documents and/or the System Operator Transmission Owner Code that would be required as a result of the implementation of the Proposed Modification	None.
7	Any other comments on the Proposed Modification.	No.

e) Impact on BSCCo

Area of Business	Impact of Proposed Modification	Impact of Alternative Modification Option 1	Impact of Alternative Modification Option 2
Implementation	Changes are required to the Code, PSL120 and BSCP504. ELEXON man day efforts as follows: As a stand alone change – 51 man days effort As part of a fixed release – 11 man days effort plus a proportion of release man days Lead Time – 12 Weeks	Changes are required to the Code, PSL120 and BSCP504. ELEXON man day efforts as follows: As a stand alone change – 51 man days effort As part of a fixed release – 11 man days effort plus a proportion of release man days Lead Time – 12 Weeks	Changes are required to the Code, PSL120, BSCP504 and the NHHDA software. ELEXON man day efforts as follows: As a stand alone change – 224 man days effort (of which 27 are demand led) As part of a fixed release – 89 man days effort (of which 27 are demand led) plus a proportion of release man days Lead Time – 12 Weeks
Operational	There will be no ongoing operational impact other than an understanding of the new process to support queries form participants.		

f) Impact on Code

Code Section	Impact of Proposed Modification	Impact of Alternative Modification Option 1	Impact of Alternative Modification Option 2
S / Annex S-2 'Supplier Volume Allocation'	Changes would be required to Section S and Annex S-2 of the Code to allow zero EACs to be entered into Settlements for Long Term Vacant sites. Changes would also be required for the use of an initial EAC to be applied following a period of vacancy.	Changes would be required to Section S and Annex S-2 of the Code to allow the NHHDC to set the Meter reading at the end of the Long Term Vacant period to the same as the reading at the start so that a zero AA would be calculated.	Changes would be required to Section S and Annex S-2 of the Code to allow Metering Systems with a Measurement Class of 'Long Term Vacant' to be excluded from Settlement.
X / Annex X-1 'Definitions and interpretation'	The term Long Term Vacant site would need to be defined.	The term Long Term Vacant site would need to be defined.	The term Long Term Vacant site would need to be defined.

A copy of the draft legal text to give effect to these changes can be found in Appendix 1.

g) Impact on Code Subsidiary Documents

Document	Impact of Proposed Modification	Impact of Alternative Modification Option 1	Impact of Alternative Modification Option 2
BSCP504 'Non Half Hourly Data Collection for SVA Metering Systems Registered in SMRS'	The detailed process relating to Long Term Vacant sites as described in section 2 would need to be captured in BSCP504.	The detailed process relating to Long Term Vacant sites as described in section 2 would need to be captured in BSCP504.	The detailed process relating to Long Term Vacant sites as described in section 2 would need to be captured in BSCP504.
PSL120 'Party Service Line for Non-Half Hourly Data Collection'	The new obligations on the NHHDC would need to be recorded in PSL120.	The new obligations on the NHHDC would need to be recorded in PSL120.	The new obligations on the NHHDC would need to be recorded in PSL120.
SVA Data Catalogue, Volumes 1 & 2	No impact	No impact	A change would be required to the D0095 flow to define the new 'E015' exception

h) Impact on Core Industry Documents/System Operator-Transmission Owner Code

Document	Impact of Proposed Modification	Impact of Alternative Modification Option 1	Impact of Alternative Modification Option 2
Master Registration Agreement	Changes to the MRA maintained documents are being progressed separately to ensure that the Site Visit Check Code 02 'site not occupied' is used appropriately.	Changes to the MRA maintained documents are being progressed separately to ensure that the Site Visit Check Code 02 'site not occupied' is used appropriately.	Changes to the MRA maintained documents are being progressed to ensure that the Site Visit Check Code 02 'site not occupied' is used appropriately. A change would also be required to the D0095 flow to define the new 'E015' exception

i) Impact on Other Configurable Items

Document	Impact of Proposed Modification	Impact of Alternative Modification Option 1	Impact of Alternative Modification Option 2
NHHDA Software and associated documentation	No impact	No impact	Changes would need to be made to the NHHDA software to exclude Metering Systems with Measurement Class 'Long Term Vacant' from Settlement.

j) Impact on BSCCo Memorandum and Articles of Association

No impact.

k) Impact on Governance and Regulatory Framework

No impact.