

## **MODIFICATION REPORT for Modification Proposal P196 'Treatment of Long Term Vacant Sites in Settlement'**

**Prepared by: ELEXON<sup>1</sup> on behalf of the BSC Panel**

<b>Date of Issue:</b>	24 April 2006	<b>Document Reference:</b>	P196RR
<b>Reason for Issue:</b>	For Authority Decision	<b>Version Number:</b>	1.0

This document has been distributed in accordance with Section F2.1.10 of the Balancing and Settlement Code.<sup>2</sup>

**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 expected to be 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 and thus they would be treated equitably in Settlements as the amount of energy settled would reflect the expected consumption on the site.

No Alternative Modification has been developed.

### **BSC PANEL'S RECOMMENDATIONS**

Having considered and taken into due account the contents of the P196 draft Modification Report, the BSC Panel recommends:

- **that Proposed Modification P196 should not be made;**
- **an 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;**
- **the proposed text for modifying the Code, as set out in the Modification Report.**

<sup>1</sup> ELEXON Ltd fulfils the role of the Balancing and Settlement Code Company ('BSCCo').

<sup>2</sup> The current version of the Code can be found at <http://www.elexon.co.uk/bscrelateddocs/BSC/default.aspx>

## CONTENTS TABLE

<b>Summary of Impacted Parties and Documents .....</b>	<b>3</b>
<b>1 Description of Modification .....</b>	<b>4</b>
1.1 Process Diagram .....	4
1.2 Overview .....	5
1.3 Scope of Solution .....	5
1.4 Criteria for defining a Site as Long Term Vacant .....	5
1.5 Setting the Date for the Start of the Long Term Vacant Period .....	6
1.6 Informing the NHHDC that a Site Qualifies for Long Term Vacant Treatment. ....	6
1.7 NHHDC Process for a Site Identified as Long Term Vacant .....	6
1.8 Periodic Checks to Confirm Long Term Vacant Status .....	6
1.9 Identifying that a Site no Longer Qualifies for Long Term Vacant Treatment .....	7
1.10 Setting the Date for the End of the Long Term Vacant Site Period .....	7
1.11 Informing the NHHDC that a Site no Longer Qualifies for Long Term Vacant Treatment .....	7
1.12 NHHDC Process for a Site that no Longer Qualifies for Long Term Vacant Treatment .....	8
1.13 Change of Supplier for Long Term Vacant sites .....	8
1.14 Reporting Requirements to Licensed Distribution System Operators .....	8
<b>2 Areas Raised by the Terms of Reference .....</b>	<b>9</b>
<b>3 Implementation Approach and Costs .....</b>	<b>9</b>
<b>4 Rationale for Modification Group's Recommendations to the Panel .....</b>	<b>10</b>
4.1 Assessment of Proposed Modification Against Applicable BSC Objectives .....	10
4.2 Implementation Date .....	12
4.3 Legal Text .....	12
<b>5 Rationale for Panel's Recommendations to the Authority .....</b>	<b>12</b>
5.1 Panel's Consideration of Assessment Report .....	12
5.2 Results of Report Phase Consultation .....	15
5.3 Panel's Consideration of Draft Modification Report .....	17
5.4 Panel's Final Recommendation to the Authority .....	20
<b>6 Terms Used in this Document .....</b>	<b>20</b>
<b>7 Document Control .....</b>	<b>21</b>
7.1 Authorities .....	21
7.2 Intellectual Property Rights, Copyright and Disclaimer .....	21
<b>Appendix 1: Legal Text .....</b>	<b>22</b>
<b>Appendix 2: Plain English BSCP504 Changes .....</b>	<b>22</b>
<b>Appendix 3: Process Followed .....</b>	<b>25</b>
<b>Appendix 4: Assessment Report .....</b>	<b>26</b>
<b>Appendix 5: Report Phase Consultation Responses .....</b>	<b>26</b>

## 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 4.

Parties	Sections of the BSC	Code Subsidiary Documents
Distribution System Operators <input checked="" type="checkbox"/>	A <input type="checkbox"/>	BSC Procedures <input checked="" type="checkbox"/>
Generators <input type="checkbox"/>	B <input type="checkbox"/>	Codes of Practice <input type="checkbox"/>
Interconnectors <input type="checkbox"/>	C <input type="checkbox"/>	BSC Service Descriptions <input type="checkbox"/>
Licence Exemptable Generators <input type="checkbox"/>	D <input type="checkbox"/>	Party Service Lines <input checked="" type="checkbox"/>
Non-Physical Traders <input type="checkbox"/>	E <input type="checkbox"/>	Data Catalogues <input type="checkbox"/>
Suppliers <input checked="" type="checkbox"/>	F <input type="checkbox"/>	Communication Requirements Documents <input type="checkbox"/>
Transmission Company <input type="checkbox"/>	G <input type="checkbox"/>	Reporting Catalogue <input type="checkbox"/>
<b>Party Agents</b>	H <input type="checkbox"/>	<b>Core Industry Documents</b>
Data Aggregators <input type="checkbox"/>	I <input type="checkbox"/>	Ancillary Services Agreement <input type="checkbox"/>
Data Collectors <input checked="" type="checkbox"/>	J <input type="checkbox"/>	British Grid Systems Agreement <input type="checkbox"/>
Meter Administrators <input type="checkbox"/>	K <input type="checkbox"/>	Data Transfer Services Agreement <input type="checkbox"/>
Meter Operator Agents <input type="checkbox"/>	L <input type="checkbox"/>	Distribution Codes <input type="checkbox"/>
ECVNA <input type="checkbox"/>	M <input type="checkbox"/>	Distribution Connection Agreements <input type="checkbox"/>
MVRNA <input type="checkbox"/>	N <input type="checkbox"/>	Distribution Use of System Agreements <input type="checkbox"/>
<b>BSC Agents</b>	O <input type="checkbox"/>	Grid Code <input type="checkbox"/>
SAA <input type="checkbox"/>	P <input type="checkbox"/>	Master Registration Agreement <input checked="" type="checkbox"/>
FAA <input type="checkbox"/>	Q <input type="checkbox"/>	Supplemental Agreements <input type="checkbox"/>
BMRA <input type="checkbox"/>	R <input type="checkbox"/>	Use of Interconnector Agreement <input type="checkbox"/>
ECVAA <input type="checkbox"/>	S <input checked="" type="checkbox"/>	<b>BSCCo</b>
CDCA <input type="checkbox"/>	T <input type="checkbox"/>	Internal Working Procedures <input type="checkbox"/>
TAA <input type="checkbox"/>	U <input type="checkbox"/>	<b>BSC Panel/Panel Committees</b>
CRA <input type="checkbox"/>	V <input type="checkbox"/>	Working Practices <input type="checkbox"/>
SVAA <input type="checkbox"/>	W <input type="checkbox"/>	<b>Other</b>
Teleswitch Agent <input type="checkbox"/>	X <input checked="" type="checkbox"/>	Market Index Data Provider <input type="checkbox"/>
BSC Auditor <sup>3</sup> <input checked="" type="checkbox"/>		Market Index Definition Statement <input type="checkbox"/>
Profile Administrator <input type="checkbox"/>		System Operator-Transmission Owner Code <input type="checkbox"/>
Certification Agent <input type="checkbox"/>		Transmission Licence <input type="checkbox"/>
<b>Other Agents</b>		
Supplier Meter Registration Agent <input type="checkbox"/>		
Data Transfer Service Provider <input type="checkbox"/>		

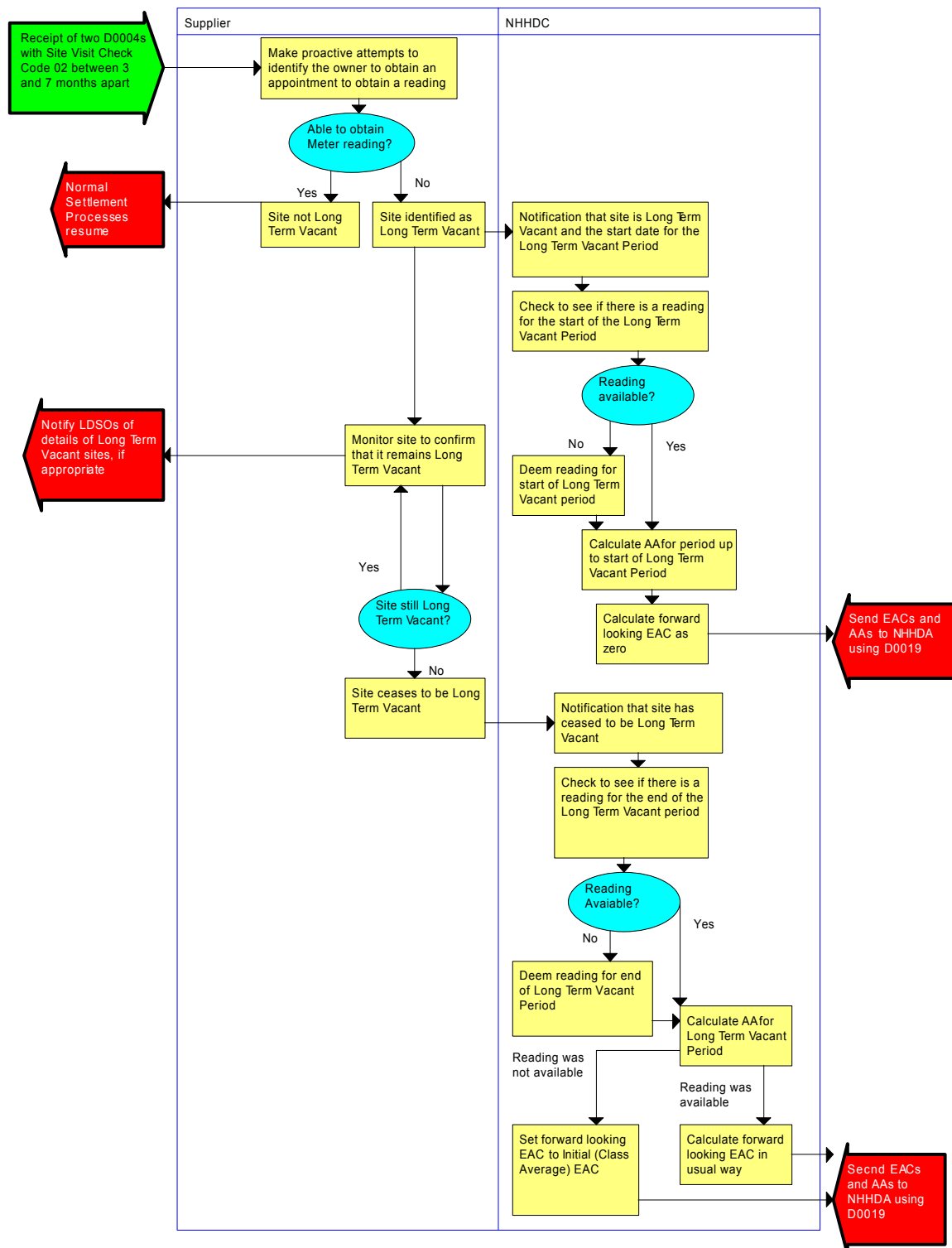
<sup>3</sup> The requirements of this process will be fully auditable. The Panel may choose to include this process in the scope of the BSC Audit, should P196 be approved.

# 1 DESCRIPTION OF MODIFICATION

This section outlines the solution for the Proposed Modification, as developed by the P196 Modification Group ('the Group') during the Assessment Procedure.

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

## 1.1 Process Diagram



## 1.2 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 Non-Half Hourly Data Collector (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 described in the following sections.

## 1.3 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.

## 1.4 Criteria for defining a Site as Long Term Vacant

The majority of the Modification Group agreed that the Supplier would identify a site as 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 satisfied. If any flows with no Site Visit Check Code had been received these would be excluded for the purpose of identifying the site as Long Term Vacant.
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 problems in obtaining Meter readings 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 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.

## **1.5 Setting the Date for the Start of the Long Term Vacant Period**

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 with a valid Meter reading 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.

## **1.6 Informing the NHHDC that a Site Qualifies for Long Term Vacant Treatment.**

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'.

## **1.7 NHHDC Process for a Site Identified as Long Term Vacant**

Once the NHHDC has received a D0052 containing a zero EAC and the date that the zero EAC should be applied from, the NHHDC would have to check to see whether there was a Meter reading for that site for the date that the zero EAC should start. 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 zero EAC should start, 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 zero EAC. 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 zero EAC in the usual manner. The NHHDC would replace any EAC calculated using normal Settlement processes after this date with a zero EAC. The NHHDC would send the EACs and the AAs to the Non Half Hourly Data Aggregator (NHHDA) in the normal manner (i.e. using the D0019 'Metering System EAC/AA Data' in accordance with BSCP504, section 3.3.11).

## **1.8 Periodic Checks to Confirm Long Term Vacant Status**

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. 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.

### **1.9 Identifying that a Site no Longer Qualifies for Long Term Vacant Treatment**

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 than 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 1.4) 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.

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.

### **1.10 Setting the Date for the End of the Long Term Vacant Site Period**

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 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; or
- 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.

### **1.11 Informing the NHHDC that a Site no Longer Qualifies for Long Term Vacant Treatment**

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.

### **1.12 NHHDC Process for a Site that no Longer Qualifies for Long Term Vacant Treatment.**

When the NHHDC is notified by the Supplier that the site no longer qualifies for Long Term Vacant treatment by the receipt of a D0052 with a non-zero EAC, 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 crystallised data (i.e. zero EAC). The actual Meter reading would then be processed using the normal rules.

### **1.13 Change of Supplier for Long Term Vacant sites**

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. This may mean that a zero EAC continues in Settlement that a site that had previously been treated as Long Term Vacant, however the site would not be labelled as Long Term Vacant and the new Supplier would not have to confirm that it remained Long Term Vacant.

### **1.14 Reporting Requirements to Licensed Distribution System Operators**

The reporting of Long Term Vacant sites by Suppliers to Licenced Distribution Systems Operators (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.



## 2 AREAS RAISED BY THE TERMS OF REFERENCE

The following areas were considered by the Modification Group during the Assessment Procedure for P196:

- Potential Alternative Modifications;
- Where the requirements should be drafted (i.e. the Code verses the Code Subsidiary Documents);
- Compatibility with other Settlement Processes such as the change of Supplier process and deeming at the Final Reconciliation (RF) run boundary;
- The auditability of the solution;
- The impact of the solution on Party and Party Agent Systems;
- The impact of the solution on Performance Measures particularly SP08a, achievement of 97% Annualised Advances (AAs) at RF;
- The impact of the solution on the theft of electricity;
- Interactions with advances in technology;
- Interaction with safety requirements and Condition 17 of the Supplier Licence; and
- Cost Benefit Analysis.

These issues are discussed in the Assessment Report contained in [Appendix 4](#), and are not covered further here.

## 3 IMPLEMENTATION APPROACH AND COSTS

### PROPOSED MODIFICATION IMPLEMENTATION COSTS<sup>4</sup>

		Stand Alone Cost	Incremental Cost	Tolerance
<b>Total Demand Led Implementation Cost</b>		£0	£0	+/- 0%
<b>ELEXON Implementation Resource Cost</b>		51 Man days £11,220	11 Man days £2,420	+/- 10%
<b>Total Implementation Cost</b>		£11,220	£2,420	+/- 10%

<sup>4</sup> 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](http://www.elexon.co.uk/documents/Change_and_Implementation/Modifications_Process_-_Related_Documents/Clarification_of_Costs_in_Modification_Procedure_Reports.pdf)

## 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 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.

### c) Transmission Company Impact

P196 does not impact the Transmission Company.

### d) BSCCo Impact

BSCCo would need to make changes to the Code and BSCP504 to implement P196. The legal text for P196 and a plain English version of this text is included in [Appendix 1](#). A plain English version of the changes required to BSCP504 is included in [Appendix 2](#).

## 4 RATIONALE FOR MODIFICATION GROUP'S RECOMMENDATIONS TO THE PANEL

This section summarises the recommendations of the Modification Group, as detailed in the Assessment Report in Appendix 3.

### 4.1 Assessment of Proposed Modification Against Applicable BSC Objectives

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 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.

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

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

- Greater accuracy of Settlement data and equitability between Suppliers would improve the efficiency of the balancing and Settlement arrangements.

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;
- 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;

- 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.

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

## **4.2 Implementation Date**

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.

## **4.3 Legal Text**

The Modification Group reviewed the draft P196 legal text that was provided to the Panel as part of the P196 Assessment Report, however the Panel requested that changes were made to the draft P196 legal text, as described in section 5.1 below to address the concerns raised by Ofgem.

A plain English version of the legal text together with the revised legal text is included in [Appendix 1](#).

# **5 RATIONALE FOR PANEL'S RECOMMENDATIONS TO THE AUTHORITY**

## **5.1 Panel's Consideration of Assessment Report**

The Panel considered the P196 Assessment Report at its meeting on 9 March 2006. This section summarises the Panel's discussions in formulating its provisional recommendation for inclusion in the draft Modification Report. Details of the Report Phase consultation responses, the Panel's discussion of the responses and its final recommendation to the Authority can be found in Sections 5.2, 5.3 and 5.4 respectively.

### **5.1.1 Panel Discussions**

Members of the Panel felt that there is an issue relating to Long Term Vacant sites in the market, however the majority of the Panel felt that the solution proposed under P196 was not the appropriate solution. Some members of the Panel felt that P196 would replace one estimate of the consumption used on site with another estimate, however they felt that there would be no guarantee that the estimate provided under P196 would be more reflective of the actual consumption on site.

Some members of the Panel felt that the majority of the arguments that had been cited by the Modification Group for and against Applicable BSC Objective (c) were actually arguments for and against Applicable BSC Objective (d)<sup>5</sup>.

One Panel Member commented that the estimates of the proportion of vacant sites seemed to vary between 0.1% and 3% and queried whether any mapping of where typically they were situated had been undertaken. The analysis undertaken by the Modification Group indicated that 1% of sites in Great Britain are Long Term Vacant, and some members of the Group felt that this was a conservative estimate, however the Modification Group had not considered where Long Term Vacant sites are situated.

---

<sup>5</sup> Consideration of Applicable BSC Objectives (c) and (d) by the ELEXON Legal team suggests that the accuracy of Settlement does relate to competition and therefore should be considered against Applicable BSC Objective (c), however and in certain circumstances depending upon the facts, the accuracy of Settlement *could* also be considered against Applicable BSC Objective (d).

One Panel Member queried whether any analysis had been undertaken in relation to the interaction of Long Term Vacant sites with the Grid Supply Point (GSP) Group Correction Factor. This Panel Member questioned whether the rest of the Suppliers in a GSP Group would end up paying more due to the consumption on Long Term Vacant sites being zero. GSP Group Correction Factor is shared by Suppliers in the GSP Group in accordance with their market share. Under P196, it is expected that the values of GSP Group Correction Factor would increase<sup>6</sup>, however the reason for this would be that the consumption attributed to Long Term Vacant sites is likely to better reflect the consumption on those sites.

One Panel Member noted that the cost analysis undertaken by the Group demonstrated that the costs of obtaining one warrant for all Long Term Vacant sites was approximately half the cost of these sites remaining in Settlement. This member therefore could not understand why Suppliers were not obtaining warrants. Some members of the Panel felt that by taking away the natural incentive for Suppliers to obtain actual Meter readings, there is no guarantee of a long term improvement in Settlement data.

One Panel Member expressed a concern that, once implemented, nobody would use the P196 option. P196 has been made optional as it is a commercial decision for Suppliers whether they want to use the P196 solution or whether they want to manage Long Term Vacant sites outside of the BSC.

Some members of the Panel felt that some of the statements provided in support of the Modification were not accompanied by any rationale, for example that the Modification was necessary as it removed a barrier to entry for small Suppliers. The Group had discussed this and some members of the Group felt that Long Term Vacant sites could be seen as a barrier to entry due to the costs associated with obtaining a warrant.

One Panel Member noted that some respondents stated that they had very few problems in obtaining warrants. This had been discussed by the Modification Group and it was noted that where warrants had been obtained, this had been to de-energise the Metering Systems as opposed to obtaining a reading.

One Panel Member commented that the P196 solution suggested steps that Suppliers could take in attempting to identify site owners and commented that the procedure appeared to be lacking in rigour. The Group provided a non-exhaustive list of suggested methods that a Supplier could use to attempt to identify the site owner. The Group have ensured that the P196 solution is fully auditable, meaning that if the Panel believes it to be a risky process, it could include the process within the scope of the BSC Audit. One Panel Member believed that this would not be a difficult process to audit.

One Panel Member commented that a respondent had noted that the Modification Proposal just dealt with the Non Half Hourly market and queried whether the Half Hourly Market would be covered. This was discussed by the Modification Group and the Group agreed that it is outside the scope of P196. A separate Modification would have to be raised in respect of Half Hourly Long Term Vacant sites.

It was noted that P196 would have an effect on LDSOs from an apparent reduction in Distribution Use of System (DUoS) charges.

The Ofgem Representative noted that they had slight concerns that the P196 detail was in the Code Subsidiary Documents as opposed to the Code, meaning that this is less transparent to Parties and there may be enforcement implications. It was suggested that going forwards, consideration should be given to how obligations should be documented, be it in the Code or Code Subsidiary Documents, particularly because a breach of the Code constitutes a breach of the Licence and could be enforced by Ofgem. ELEXON has reviewed the draft P196 legal text and brought some of the detail of the process into the draft legal text.

---

<sup>6</sup> Note that the version of the P196 Modification Report that was presented to the Panel stated that it is likely that the value of GSP Group Correction Factor would decrease under P196. Since GSP Group Correction Factor is calculated as the volume of energy entering the GSP Group minus the consumption in the GSP Group divided by the Non-Half Hourly consumption plus one, if the amount of Non-Half Hourly consumption in a GSP Group decreases (and the volume of energy entering the GSP and the Half Hourly consumption remains the same), the Group Correction Factor will increase.

### 5.1.2 Applicable BSC Objectives

#### a) Proposed Modification

The majority provisional view of the Panel was that the Proposed Modification would not better facilitate the achievement of Applicable BSC Objectives (c) and (d) 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;**

- P196 creates potential inconsistencies between Suppliers (it specifically excludes Suppliers with an annual read cycle); and
- P196 has detrimental impacts on non-PES Suppliers as if a PES Supplier incorrectly identified a Long Term Vacant site, the rest of the non-PES Suppliers in the GSP Group will pay for the energy consumed.

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

- P196 is not a robust solution in terms of its implementation and auditability; and
- P196 decreases the incentives on Suppliers to obtain Meter readings which could lead to a decrease in the accuracy of Settlements.

The minority provisional view of the Panel was that the Proposed Modification would better facilitate the achievement of Applicable BSC Objective (d) when compared to the current Code baseline, for the following reasons:

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

- Settlement is currently made up of actual and estimated data. P196 provides a better way of estimating the energy used by Long Term Vacant sites compared to the current provisions; and
- P196 would not be problematic to audit.

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

#### b) Provisional recommendation to the Authority

The Panel therefore agreed a majority provisional recommendation to the Authority that:

- The Proposed Modification should not be made.

### 5.1.3 Implementation Date

The Panel unanimously agreed with the Modification Group's recommended Implementation Date for 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.

### 5.1.4 Legal Text

The Panel agreed that ELEXON should discuss with Ofgem the level of detail that should be included in the draft P196 legal text. The Panel agreed that if major changes needed to be made to the text, it would have to be reconsidered by the Panel before being issued for consultation, however, if the changes were to move some of the detail proposed to be included in a Code Subsidiary Document up into the Code, then this would

not need to be reviewed by the Panel prior to the consultation. ELEXON has revised the legal text to include some of the detail that was proposed to be included in the Code Subsidiary Documents into the Code.

The Modification Group reviewed the text by correspondence in parallel to the Report Phase consultation. Two Modification Group members confirmed that they had reviewed the text. Neither of these Group members had any comments on the legal text.

## 5.2 Results of Report Phase Consultation

11 responses (representing 52 Parties and 4 non-Parties) were received to the P196 Report Phase 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).

Q	Consultation question	Yes	No	Neutral
1.	Do you agree with the Panel's views on P196 and the provisional recommendation to the Authority contained in the draft Modification Report that P196 should not be made?  Please give rationale.	5 (12,0)	5 (40,4)	1 (0,1)
2.	Do you agree that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal?  Please give rationale.	7(30,4)	3(16,0)	1(6,1)
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P196?  Please give rationale.	10(10,2)	1(0,3)	
4.	Are there any further comments on P196 that you wish to make?	6(37,4)	5(15,1)	

### 5.2.1 Applicable BSC Objectives

The Report Phase consultation responses contained the following new arguments in addition to those previously expressed during the Assessment Procedure:

In favour of P196

- Forcing Suppliers to go down an expensive and difficult process involving Meter Operator Agents (MOAs) to resolve Long Term Vacant sites by requesting that the MOA de-energises the Meter will cause less accurate Settlement information to be provided to the industry as a whole.
- In terms of Long Term Vacant sites being a barrier to entry, one respondent stated that the risk of unrecoverable Settlement and Use of System costs due to sites being Long Term Vacant (meaning that the Supplier is paying for those sites without being paid for the energy by a Customer) has a relatively greater impact on smaller new entrants, who are likely to have less financial resources and less effective control over Meter reading activities.
- The recent set of proposals from Ofgem in relation to energywatch's Billing Super Complaint is an incentive on Suppliers to obtain Meter readings as Suppliers have committed themselves to resolving the issues surrounding estimated bills. This would apply to Long Term Vacant sites.

Against P196

- P196 gives an optional approach in Settlements to the treatment of Long Term Vacant sites which may be driven by the commercial decision of the Supplier rather than any regard to Settlement.
- If an owner has been identified and is unable to provide Meter readings, or access to a Metering Point, this does not mean that the site is not using electricity. There are a number of commercial sites that are unmanned and a number of D0004s could be received for these sites, indicating that they appear Long Term Vacant.

General

- One respondent stated that there should be a de-minimis level of consumption, corresponding to the consumption of a basic security alarm that should be allowable for Long Term Vacant sites. A site would cease to be Long Term Vacant if the consumption of electricity on that site became greater than the de-minimis level. This suggestion has not been discussed by the Modification Group as it was not raised during the P196 Assessment Procedure. The P196 solution has therefore not been amended to take into account this comment.
- One respondent felt an energy Ombudsman could be created to resolve issues surrounding estimated bills. This is outside of the scope of P196 and the BSC.

A number of respondents commented on the views provided by the Panel at their March meeting, in order to add more weight to the arguments in favour of P196. These comments are included in the individual responses provided in [Appendix 5](#).

### 5.2.2 Implementation Date

The one respondent that disagreed with the Implementation Date for P196 hoped that this Modification could be implemented sooner, but noted that the set releases prior to February 2007 were already reasonably full, so accepted that February 2007 may be the earliest Implementation Date available. It should also be noted that the February 2007 Implementation Date reflects the six month lead time requested by a number of responses to the impact assessment for the implementation of P196.

### 5.2.3 Legal Text

The following comments were provided on the legal text by consultation respondents and the following changes have been made to the legal text:



- Section 2.8.2(a) add reference to the site being Long Term Vacant 'because it is not occupied.' This has not been included since the Modification used the term 'Long Term Vacant' as opposed to 'unoccupied'. The distinction being that an unoccupied site may not necessarily be Long Term Vacant;
- Section 2.8.2(c) add that 'the Supplier has proactively, in accordance with BSCP504 used reasonable endeavours to identify the owner of the property.' This has not been included in 2.8.2 (c) as the more appropriate place for this requirement is in section 2.8.3(c). An amendment has been made to 2.8.3(c) to include the term reasonable endeavours;
- Section 2.8.3(a), add the following 'and has been unable to obtain access because the site is unoccupied to the Non Half Hourly Metering System...'. This has not been included since the Modification used the term 'Long Term Vacant' as opposed to 'unoccupied'. The distinction being that an unoccupied site may not necessarily be Long Term Vacant;
- Section 2.8.3, add 'reasonable' before 'endeavours'. A change to the legal text has been made to include this comment;
- Section 2.8.5 (a) add 'because the site is not occupied' after text relating to the Supplier being unable to obtain access to the site. This has not been included since the Modification used the term 'Long Term Vacant' as opposed to 'unoccupied'. The distinction being that an unoccupied site may not necessarily be Long Term Vacant;
- 4.3.19 which refers to a zero EAC being entered into Settlement for Long Term Vacant sites, should have the words 'until it ceases to be Long Term Vacant' added. A change to the legal text has been made to include a reference to section 4.3.21 within 4.3.19. Section 4.3.21 describes what should happen when the site ceases to be Long Term Vacant;
- One respondent stated that the legal text is missing a reference to the Site Visit Check Code being populated with Code 02 'Site not Occupied' by the Data Collector as the reason that they are unable to obtain access. This has not been included in the legal text as this is at too detailed a level to be included in the Code. This information would be included in a Code Subsidiary Document; and
- Another respondent stated that a de-minimis level of consumption, corresponding to the consumption of a basic security alarm should be allowable for Long Term Vacant sites such that if the Supplier is aware of consumption in excess of this de-minimis level that the site would no longer considered to be Long Term Vacant. This has not been included in the legal text as it is a new suggestion that has not been discussed by the Modification Group.

Full copies of the consultation responses can be found in [Appendix 5](#).

## **5.3 Panel's Consideration of Draft Modification Report**

### **5.3.1 Report Phase Consultation Responses**

The Panel noted that the Issue 14 Group believed that there was a defect in the Code regarding Long Term Vacant sites. The Panel noted that P196 would replace one estimate of consumption with another estimate and therefore the Panel would need to decide whether the zero estimate proposed by P196 is better than the current non-zero estimate.

The Panel also noted that a response from the BSC Auditor was provided to the Panel as part of the Assessment Report. The BSC Auditor would be able to Audit the P196 process if the Panel chose to include it within the scope of the BSC Audit.

The Panel discussed why the P196 solution was voluntary as opposed to mandatory. Some members of the Panel felt that if it is believed that the current treatment of Long Term Vacant sites in Settlement is leading to inaccuracies in Settlement, then the solution should be mandatory. The Panel noted that the voluntary aspect was part of the original proposal and it was acknowledged that some participants would not use the

solution. It would be a commercial decision on the part of the participant as to whether they choose to attempt to obtain warrants to gain access to the Meter for Meter readings and meanwhile pay a non-zero EAC in Settlement or obtain a warrant to de-energise the Meter or whether they followed the detailed P196 process, which would allow them to enter a zero EAC into Settlement.

One Panel Member questioned whether sites that are not Long Term Vacant could be incorrectly identified as such by the use of the 02 Site Visit Check Code for example where a housing estate was undergoing modernisation but still using electricity due to the work being carried out on the properties. The Panel noted that the criteria for determining whether a site is Long Term Vacant includes more than the receipt of a data flow containing the Site Visit Check Code 02. This would help to guard against sites being incorrectly classified as Long Term Vacant.

The Panel noted that the Issues Resolution Expert Group (IREG) that is convened under the Master Registration Agreement (MRA) has suggested that guidance is introduced as a Working Practice under the MRA on the use of the 02 Site Visit Check Code 'Site not Occupied'. The guidance would suggest that the 02 Code is used in limited circumstances, for example where a site is boarded up or has no fixtures and fittings.

One Panel Member queried whether it is possible to enter a zero EAC into Settlement currently. It was noted that EACs are calculated in accordance with the rules set out in the Code. The calculation of the EAC is based on previous actual consumption. Therefore a zero EAC could only be entered into Settlement where Meter readings have been obtained showing a zero actual Meter Advance.

Another Panel Member queried whether the costs determined by the Issue 14 Group to obtain a warrant were in relation to obtaining a warrant for a Meter reading or obtaining a warrant to de-energise the Meter. The Issue 14 Group looked at the costs of obtaining a warrant but did not distinguish the purpose for the application of the warrant.

One Panel Member queried how P196 was impacted by the Change of Supplier (CoS) process if a Supplier did not have to confirm that a site had previously been identified as Long Term Vacant. The Panel noted that the change of Supplier process was discussed by the Modification Group who concluded that very few Long Term Vacant sites would go through the change of Supplier process as this would have to be initiated by a Customer. The Group therefore concluded that no special process would be required for Long Term Vacant sites going through the change of Supplier process. The Panel Member queried, if very few Long Term Vacant sites were likely to go through a change of Supplier process, then how the current process for Long Term Vacant sites could be considered to be a barrier to entry. This was discussed by the Modification Group and those members of the Group that felt that the current process for Long Term Vacant sites would be a barrier to entry suggested that a new Supplier could obtain a site which is occupied that could in future become Long Term Vacant. These members of the Group felt that smaller Suppliers may be less able to bear the costs associated with Long Term Vacant sites.

One Panel Member suggested that Suppliers might still incur the costs of obtaining warrants to obtain entry to sites for the purpose of the two yearly visit under the Supply Licence. P196 does not impact on or remove these obligations, although it was noted that the Licence requirement is based on reasonable endeavours. It is outside the scope of the BSC to consider whether reasonable endeavours would include obtaining a warrant to gain access to a site for the purpose of the Licence requirement.

One Panel Member re-iterated previous views relating that P196 is not a robust solution. This Panel Member particularly felt that some of the checks that the Supplier has to carry out to determine that a site is Long Term Vacant are not robust as the Supplier has to rely on third Parties' (e.g. estate agent's) data.

Another Panel Member re-iterated previous comments that P196 reduced the natural incentive for Suppliers to obtain actual Meter readings.

One Panel Member felt that P196 looks for a cure to a problem of Long Term Vacant sites as opposed to the underlying cause.

Two Panel Members suggested that it would be useful, if P196 was approved to carry out a post implementation review of the changes, however noted that there is no provision under the BSC for making any changes following a post implementation review, short of raising a new Modification Proposal.

The LDSO Panel representative noted that there would be an apparent increase in the value of Line Loss Factors (LLFs) if P196 was approved as some LDSOs use the value of GSP Group Correction Factor in their methodology for calculating LLFs and under P196 it is likely that the value of GSP Group Correction Factor would increase.

### 5.3.2 Applicable BSC Objectives

The majority of Panel Members felt the responses to the Report Phase consultation did not change their views of the Proposed Modification. Two members of the Panel felt that the responses to the Report Phase consultation had provided them with sufficient weight of argument to change their views from recommending that P196 does not better facilitate the Applicable BSC Objectives to recommending that P196 does better facilitate the Applicable BSC Objectives. These Panel Members felt that the Proposed Modification would better facilitate the achievement of Applicable BSC Objective (c) when compared to the 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;**

- P196 delivers a pragmatic solution for Long Term Vacant sites. The process to determine whether a site is Long Term Vacant is detailed and only a subset of sites that are clearly Long Term Vacant can be classified as Long Term Vacant. Therefore a zero estimate for these sites is likely to be a better estimate of consumption on those sites than a non-zero estimate.

These Panel Members noted their belief that P196 better facilitates Applicable BSC Objective (c) is dependent on the introduction of the guidance for the use of the 02 Site Visit Check Code under the MRA.

Another Panel Member re-iterated their view that the Proposed Modification would better facilitate the achievement of Applicable BSC Objective (d) when compared to the current Code baseline, for the following reasons:

#### **Applicable BSC Objective (d): Promoting efficiency in the implementation and administration of the balancing and Settlement arrangements:**

- Settlement is currently made up of actual and estimated data. P196 provides a better way of estimating the energy used by Long Term Vacant sites compared to the current provisions; and
- P196 would not be problematic to audit.

Overall, the minority view of the Panel was that the Proposed Modification would better facilitate the achievement of Applicable BSC Objectives (c) and (d) when compared to the current baseline.

The majority view of the Panel was that the Proposed Modification would not better facilitate the achievement of Applicable BSC Objectives (c) and (d) 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;**

- P196 creates potential inconsistencies between Suppliers (it specifically excludes Suppliers with an annual read cycle); and
- P196 has detrimental impacts on some Suppliers as if an incumbent Supplier incorrectly identified a Long Term Vacant site, the rest of the Suppliers in the GSP Group will pay for the energy consumed.

### **Applicable BSC Objective (d): Promoting efficiency in the implementation and administration of the balancing and Settlement arrangements:**

- P196 is not a robust solution in terms of its implementation and auditability; and
- P196 decreases the incentives on Suppliers to obtain Meter readings which could lead to a decrease in the accuracy of Settlements.

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

#### **5.3.3 Implementation Date**

The Panel's views of the P196 Implementation Date did not change as a result of the P196 Report Phase consultation.

#### **5.3.4 Legal Text**

The Panel agreed the legal text, including the changes made as a result of the P196 Report Phase consultation, as detailed in section 5.2.3.

### **5.4 Panel's Final Recommendation to the Authority**

On the basis of the above discussions, the Panel therefore agreed a **MAJORITY** recommendation to the Authority that:

- The Proposed Modification **SHOULD NOT** be made.

The Panel 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.

The Panel agreed the legal text for modifying the Code in respect of the Proposed Modification, as provided in [Appendix 1](#).

## **6 TERMS USED IN THIS DOCUMENT**

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

<b>Acronym/Term</b>	<b>Definition</b>
AA	Annualised Advance
BSC	Balancing and Settlement Code
BSCP	Balancing and Settlement Code Procedure
DTC	Data Transfer Catalogue
DUoS	Distribution Use of System
EAC	Estimated Annual Consumption
GSP	Grid Supply Point
IRESG	Issues Resolution Expert Group
MOA	Meter Operator Agent
MRA	Master Registration Agreement

NHHDA	Non-Half Hourly Data Aggregator
NHHDC	Non-Half Hourly Data Collector
PSL	Party Service Line
RF	Final Reconciliation
SMRS	Supplier Meter Registration Service

## 7 DOCUMENT CONTROL

### 7.1 Authorities

Version	Date	Author	Reviewer	Reason for Review
0.1	10/03/06	Katie Key	Dorcas Batstone	For peer review
0.2	21/03/06	Katie Key	Interested Parties	For Consultation
0.3	04/04/06	Katie Key	Sarah Jones	For peer review
0.4	05/04/06	Katie Key	Alex Grieve	For quality review
0.5	07/04/06	Change Delivery		For Panel Decision
0.6	21/04/06	Katie Key	Sarah Jones	For quality Review
1.0	24/04/06	Change Delivery		For Authority Decision

### 7.2 Intellectual Property Rights, Copyright and Disclaimer

This document contains materials the copyright and other intellectual property rights in which are vested in ELEXON Limited or which appear with the consent of the copyright owner. These materials are made available for you to review and to copy for the purposes of your establishment or operation of or participation in electricity trading arrangements under the Balancing and Settlement Code ("BSC"). All other commercial use is prohibited. Unless you are a person having an interest in electricity trading under the BSC you are not permitted to view, download, modify, copy, distribute, transmit, store, reproduce or otherwise use, publish, licence, transfer, sell or create derivative works (in whatever format) from this document or any information obtained from this document otherwise than for personal academic or other non-commercial purposes. All copyright and other proprietary notices contained in the original material must be retained on any copy that you make. All other rights of the copyright owner not expressly dealt with above are reserved.

No representation, warranty or guarantee is made that the information provided is accurate, current or complete. Whilst care is taken in the collection and provision of this information, ELEXON Limited will not be liable for any errors, omissions, misstatements or mistakes in any information or damages resulting from the use of this information or any decision made or action taken in reliance on this information.

## APPENDIX 1: LEGAL TEXT

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 will be added.

### Section S 'Supplier Volume Allocation'

The criteria for determining whether or not a Supplier can treat a site as Long Term Vacant will be added. A requirement for the Supplier to continually confirm that sites that are categorised as Long Term Vacant remain as such will also be added.

Requirements will be added to oblige any Supplier using the P196 solution to ensure they keep auditable records in respect of the checks that they have made in relation to Long Term Vacant sites, and the instructions that they have provided to their NHHDC for these sites. Requirements will also be added for any Supplier using the P196 solution to report Long Term Vacant sites to their associated LDSO, if requested.

### Annex S-2

Paragraphs will be added to say that the Supplier can instruct its NHHDC to enter a zero EAC into Settlement for a Long Term Vacant site and the Effective From Settlement Date that should be used for the zero EAC. Paragraphs will also be added to indicate the EAC that should be entered into Settlement when a site ceases to be treated as Long Term Vacant, and the Effective From Date for that EAC.

An addition to paragraph 4.3.2 of Annex S-2 will be made to make clear the paragraphs that apply in the rest of section 4.3 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 1 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 satisfied. If any flows with no Site Visit Check Code had been received these would be excluded for the purposes of the Long Term Vacant 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 crystallised 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
17/03/06	Draft Modification Report issued for industry consultation
03/04/06	Report Phase consultation responses returned
13/04/06	Draft Modification Report presented to the Panel
24/04/06	Final Modification Report issued to the Authority for decision

## ESTIMATED COSTS OF PROGRESSING MODIFICATION PROPOSAL<sup>7</sup>

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

### APPENDIX 4: ASSESSMENT REPORT

The P196 Assessment Report is attached as a separate document, Attachment 4A.

The Assessment Report includes:

- The conclusions of the Modification Group regarding the areas set out in the P196 Terms of Reference;
- Details of the Group's membership;
- The full results of the Assessment Procedure impact assessment; and
- Full copies of all responses to the Assessment Procedure consultation.

### APPENDIX 5: REPORT PHASE CONSULTATION RESPONSES

Full copies of the consultation responses are attached as a separate document, Attachment 5A.

---

<sup>7</sup> 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](http://www.elexon.co.uk/documents/Change_and_Implementation/Modifications_Process_-_Related_Documents/Clarification_of_Costs_in_Modification_Procedure_Reports.pdf)