

By email.



Making a positive difference
for energy consumers

Wanda Goldwag,
UNC Panel Chair.

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Date: 3 February 2020

Dear Wanda,

Through the Switching Programme we are taking steps to transform current switching arrangements, and deliver faster, more reliable switching for customers. The introduction of the Retail Energy Code will govern these new switching arrangements, and provides an opportunity for wider retail code consolidation.

Ofgem has now consulted and since launched the Retail Code Consolidation (RCC) SCR₁ as the second of two separate Significant Code Reviews to implement the necessary amendments to existing codes, alongside the Switching SCR₂

To that end, there are two matters we set out in this letter for the UNC Panel:

- (a) Requesting visibility of the UNC Panel's plans to provide Ofgem with the consequential changes required to the UNC. This should be provided by 31 March 2020, in order to support a Spring 2020 consultation by Ofgem of the required SCR changes to all codes.
- (b) Our expectations for collaborating with the UNC Panel throughout the SCR period, in terms of ensuring that modifications to the UNC and subsidiary documents that may have an impact on the SCRs, are appropriately assessed and monitored

We understand that paragraph 7.2.8 of the Uniform Network Code Modification Rules sets out the provisions for progressing Modification Proposals to the UNC raised during a Significant Code Review. The steps we have set out below are in accordance with these provisions. Notwithstanding the provisions in the code, we expect the code administrator to work proactively and flexibly with us on dealing with any questions, issues and modifications as they arise.

(a) SCR Timelines

- We expect that SCR consequential change drafting to the UNC will be consulted on as part of a complete package of end-to-end drafting, to launch in Spring 2020. To enable a comprehensive quality assurance and legal review of the text, we expect this text to be provided to Ofgem by 31 March 2020.
- This text will, following consultation and any required changes identified via consultation, be baselined. Any amendment to it will require a Change Request to be agreed through Ofgem's programme governance. Following a further quality review, this will be used as the basis for a Draft Modification Report to be submitted to all relevant code bodies including the UNC Panel in November 2020.

- Whilst the Draft Modification Report submitted by Ofgem pursuant to the SCRs will be subject to consultation with the relevant signatories and other stakeholders of each relevant industry code, and as far as practicable follow the normal procedures of those individual codes, we encourage all code administrators and Panels to collaborate in order to ensure a timely and efficient process. In particular, we consider that it would be appropriate for the relevant text that is proposed to be modified to each code form part of a single Draft Modification Report, allowing those Parties who are signatories to multiple codes to submit a single representation.
- Each relevant code body, including the UNC Panel is expected to submit its recommendation form inclusion as part of a combined Final Modification Report to the Authority in January 2021. This will facilitate a decision being taken on the modification(s) around the end of January 2021, and subject to the outcome of that decision, for the modifications to take effect 1 April 2021.

We are aware that much of the preparation of legal text consequential to the switching SCR was undertaken early in 2019. We further understand that relatively few substantive revisions may be required in order to incorporate any extraneous changes and/or those required of the RCC. **We therefore ask that that the UNC Panel provide Ofgem with its plans for providing the draft legal text by 14 February 2020.**

The submitted plan, should include any risks and issues identified and any proposals for engaging with stakeholders. We would welcome the opportunity to work with you to develop this plan. We also appreciate that the UNC Panel is on 20 February 2020 and that Panel members may welcome sight of the plan. We are happy to accept any subsequent revisions to the plan that may be prompted by any discussion at the Panel.

We are also aware that there is a live modification proposal 708¹ which is intended to facilitate the maintenance of the extant UNC drafting in parallel with any revisions made to the SCR baseline text. As this proposal is due to be decided upon by the UNC Panel rather than the Authority in accordance with self-governance provisions, we do not wish to comment here on the merits of the proposal itself. However, this re-ordering may have consequences upon the drafting of the IGT UNC, which incorporates by reference many provisions of the UNC. Whilst this should in no way influence the decision of the UNC Panel, we would ask that the drafting of legal text and any accompanying guidance produced for UNC708 continue to be shared on a fully transparent basis with the administrator of the IGT UNC. This will enable them to undertake their own re-ordering of the IGT UNC in order to retain alignment with the UNC, if indeed that is required and considered appropriate.

Please also note that whilst the proposed legal text will allow for the RCC changes to be implemented 1 April 2021, our intention is that the modifications required for the Switching Programme will be given effect on a date to be designated by the Authority, to be coterminous with the implementation date of the Central Switching System (CSS). The CSS implementation date will be determined once the systems have been proven through testing, and is expected to take place Summer 2021.

We would also welcome your plan for developing an alternative set of legal text that would deliver the Switching Programme changes first.

(b) UNC Modifications during the SCR phase

Initial Authority decision

- We have included as an annex to this letter a guidance document for the Panel to use to determine whether a Modification Proposal should be notified to the Authority against the scope of either SCR.

¹ UNC708: 'Re-ordering of the UNC in advance of Faster Switching'.

- We expect, as per paragraph 7.2.8, that when a UNC Modification Proposal is raised, the Panel will assess whether the subject matter relates to either the Switching or RCC SCR. In such cases, the Panel should submit to the Authority:
 - a written assessment of the proposal, including representations received;
 - the Panel's determination of whether the proposal relates to either SCR;
 - the Panel's reasons for the determination;
 - a copy of the proposal; and
 - the Panel's assessment of whether exceptions under SLC A11(15A) (a) or (b) of the Transporter's licence may apply.
- Where Ofgem has received a written assessment under paragraph 7.2.8 as above, we will review and provide direction to the Panel as to whether the Modification Proposal can proceed or not.

To aid our planning, we ask that the UNC Panel provide Ofgem with a stocktake of all UNC Modification Proposals currently progressing, and those that are expected to be raised.

SCR Exempt Modifications and re-assessment against the SCR

- We also understand from paragraph 6.7 that there is ability for the Authority to suspend progress of a Modification Proposal if its circulation was previously accepted.
- We expect that in practice, the UNC Panel would notify Ofgem when it is identified during the progress of a Modification that it is in scope of either SCR. Ofgem would assess the reasons provided for this and provide a direction as to whether to suspend or progress the Modification Proposal.

Carrying Modifications through to REC text

- We recognise that there will be Modification Proposals that are determined to be SCR exempt and will proceed, which are likely to have an impact on the baselined REC text or baselined UNC SCR text. If an impact to either set of published baselined text is identified as the Modification progresses, then we would expect to be notified. In the case of the UNC SCR text, this is only expected if the Modification impacts a red-lined section of the text.
- A Change Request will be raised, either by the Modification proposal or by Ofgem itself, and taken through Switching Programme governance for assessment and approval of change to the baselined text. This will facilitate a coordinated decision on the UNC modification itself and any complementary amendment to the baselined text, ensuring that the two versions of the code text remain aligned.

We would welcome feedback on ways of how best Ofgem, along with the UNC Panel and the Joint Office of Gas Transporters should collaborate during the SCR period. In particular, if you have concerns with the proposed approach to the SCR set out in this letter, we would be happy to meet and/or attend a future meeting of the UNC Panel to discuss.

Regards,

**Rachel Clark,
Switching Programme Director**

CC: Penny Garner, Joint Office of Gas Transporters

Appendix 1: Assessment of Code Modifications Impacts against SCR's

When completing a Change/Modification Proposal, the Proposer and/or Code Administrator is to consider if the modification impacts a Significant Code Review (SCR) and whether the Change/Modification Proposal should be notified to the Authority for decision.

The below outsets are the expected considerations to apply to a Change/Modification in determining whether to raise to the Authority as in scope of either the Retail Code Consolidation or Switching SCR.

Expected impact of the Change/Modification Proposal to the Switching Programme and Retail Code Consolidation SCR's will include an assessment of:

- Impacts to Switching Programme primary and secondary systems and consequential impacts this may have on testing or readiness requirements for the Programme.
- Impacts to the end-to-end physical design of the Switching Programme or the logical design contained within Abacus; including data, interfaces, process and service descriptions.
- Impacts to the Business Case of the Switching Programme.
- Impacts to the drafting of the Retail Energy Code or consequential changes to other codes.
- Any other impacts on the scope, objectives or timetable of either SCR, including the Programme Plan and the milestones contained within the Plan. This will include considerations from a resourcing perspective and whether when viewed in the context of cumulative delivery, this change is appropriate.
- Impacts any of the Switching Programme documents under change control, for example the E2E Testing Plan, Core Systems and Services Integration Approach or E2E Data Migration Strategy.

Central Switching System Changes

Any changes to central systems that directly impact the Switching Programme design (such as UK Link, MPRS, ECOEs, DES) will be subject to approval by the Authority prior to progressing during the Switching SCR and a Switching Programme Change Request will be required if these proceed. This will be assessed in accordance with the Switching Programme Change Management process and will consider impacts to (as well as other criteria in the Change Management process):

- Switching Programme design and approved documentation (including consequential impacts on other systems).
- Timescales for delivering the change and impacts on Switching Programme milestones.
- Testing and testing milestones.
- Additional costs associated with testing re-runs / regression testing.
- Urgency of the change and the implications of this not being implemented prior to CSS go-live.

Non-Central Switching System Changes

Any changes to non-core systems to the Switching Programme, that are impacted by the Retail Code Consolidation SCR (such as GDCC, additional ECOEs services, theft related services, metering audit services) should be treated in the same way, as a change impacting the drafting of the Retail Code Consolidation SCR. Changes to these services will require changes to the associated REC Service Definition documents that will be introduced through the Retail Code Consolidation SCR.

Other considerations

There should also be an assessment of the benefits and drawbacks of the Change/Modification Proposal proceeding during the SCR, and any risks or impacts associated with delaying the Change Proposal until after the conclusion of the SCR. This will include the consideration of any manual workaround solutions that could be implemented prior to the Change/Modification Proposal being progressed after the conclusion of the SCR, and any costs associated with implementing this solution.

We would welcome early discussions with Code Administrators, upon identification of a new Change/Modification Proposal. Please email switching.programme@ofgem.gov.uk to arrange a discussion if any clarification is required.