

<b>UNC Modification</b>	At what stage is this document in the process?
<h1>UNC 0XXX:</h1>	<div style="display: flex; justify-content: space-around; align-items: center;"> <span>01</span> <span>Modification</span> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;"> <span>02</span> <span>Workgroup Report</span> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;"> <span>03</span> <span>Draft Modification Report</span> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;"> <span>04</span> <span>Final Modification Report</span> </div>
<h2>Introduction of a Micro Business identifier in Central Systems</h2>	
<p><b>Purpose of Modification:</b></p> <p>The purpose of the Modification is to hold within Central Systems a Micro Business identifier which can be used by relevant Parties.</p>	
<p><b>Next Steps:</b></p> <p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none"> <li>• considered a material change and not subject to Self-Governance.</li> <li>• assessed by a Workgroup</li> </ul>	
<p>This Modification will be presented by the Proposer to the Panel on <b>dd Month 202y</b>. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>	
<p><b>Impacted Parties:</b></p> <p>High: Suppliers, Shippers, Consumers</p> <p>Low: DNO's, IGT's</p> <p>None:</p>	
<p><b>Impacted Codes:</b></p> <p>Subject to assessment but may impact the IGT UNC directly and indirectly Retail Energy Code</p>	

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## Timetable

### Modification timetable:

Pre-Modification Discussed	dd month year
Date Modification Raised	dd month year
New Modification to be considered by Panel	dd month year
First Workgroup Meeting	dd month year
Workgroup Report to be presented to Panel	dd month year
Draft Modification Report issued for consultation	dd month year
Consultation Close-out for representations	dd month year
Final Modification Report available for Panel	dd month year
Modification Panel decision	dd month year

## 1 Summary

### What

Ofgem launched the review of the microbusiness market as a result of evidence showing that the market was not working well for some micro business. The opening statement was published in May 2019 which set out the initial analysis and the theories of harm. In July 2020 Ofgem consulted upon an initial package of measures designed to improve microbusinesses experience of the market. Following further input Ofgem have now published their final package of proposals which are summarised below: -

**Provision of principal contractual terms:** Strengthening existing rules around the provision of principal contractual terms to ensure consumers receive this key information both pre and post-contract agreement in all cases

**Brokerage cost transparency:** Clarifying and strengthening existing supply licence obligations to provide information about brokerage costs on contractual documentation

**Broker dispute resolution:** Introducing a requirement for suppliers to only work with brokers signed up to a qualifying alternative dispute resolution scheme

**Cooling-off period:** Introducing a 14 day cooling-off period for microbusiness contracts

**Banning notification requirements:** Banning suppliers from requiring microbusinesses to provide notice of their intent to switch

**Information and Awareness:** Working collaboratively with Citizens Advice to create new and updated information so that microbusinesses can access up-to-date guidance and advice alongside communications to help further boost awareness of how the market operates and their rights as consumers.

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In particular, the introduction of a Micro Business Cooling Off period will create challenges for Suppliers and Brokers to be able to identify these customers in a timely fashion without the benefit of an identifier within Central Systems.

Definition of Micro Business Consumer:

"Micro Business Consumer" means a Non-Domestic Customer:

- (a) which is a "relevant consumer" (in respect of premises other than domestic premises) for the

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Note: Consolidated conditions are not formal Public Register documents and should not be relied on.  
Gas suppliers Licence: Standard Conditions – Consolidated to 8 April 2021

purposes of article 2(1) of The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (S.I. 2008/2268); or

- (b) which has an annual consumption of gas of not more than 293,000 kWh.

Set out in the Supplier Licence ([document link](#)):

And referenced in the - The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (S.I. 2008/2268) ([document link](#)) as:

- (b) a person supplied or requiring to be supplied with gas or electricity at premises other than domestic premises, with—
  - (i) an annual consumption of—
    - (aa) electricity of not more than 55,000 kWh; or
    - (bb) gas of not more than 200,000 kWh; or
  - (ii) (aa) fewer than 10 employees (or their full time equivalent); and
  - (bb) an annual turnover or annual balance sheet total not exceeding Euros 2 million.

Estimated number of businesses in the UK private sector and their associated employment and turnover, by size of business, start of 2020

Business	Employment (thousands)	Turnover (millions)
All businesses	5,980,520	27,732
SMEs (0-249 employees)	5,972,685	16,836
Small businesses (0-49 employees)	5,936,545	13,302
With no employees	4,567,775	4,966
All employers	1,412,745	22,766
of which:		
1-9 employees	1,156,925	4,196
10-49 employees	211,845	4,140
50-249 employees	36,140	3,534
250 or more employees	7,835	693,689
	10,896	2,076,740

## Why

The increasing introduction of Micro Business specific arrangements within Suppliers Licences creates a growing need to be able to easily and efficiently identify such sites within Central Systems. Without a central view of a customer's status, we will inhibit the ability for all stakeholders to be able to provide services to those customers efficiently and consistently across the market.

In particular: -

- The introduction of a Micro Business Cooling Off Period will require stakeholders including Suppliers and Third-Party Intermediaries (Brokers) to be able to identify relevant consumers in a timely and efficient manner to ensure they are afforded the protections introduced by the new arrangements.
- The requirement to present specific information to Micro Business customers during the customer journey
- The introduction of Faster and More Reliable Switching via the Central Switching Service from June to August 2022 further increases the need for this transparency of status to be made readily available to stakeholders.
- The ongoing rollout of Smart Metering has specific requirements in relation to Micro Business and Smart Metering installation

## How

Whilst we are open to any pragmatic solution, we believe the easiest approach is to introduce a Micro Business identifier to the existing Marker Sector Codes held in Central Systems.

Re-use of the existing Market Sector Code – expanding the allowable value set to include an additional value, i.e. values to denote micro business in addition to existing domestic and industrial / commercial indicator.

## 2 Governance

### Requested Next Steps

This Modification should:

- be considered a material change and not subject to Self-Governance.
- be assessed by a Workgroup.

## 3 Why Change?

The continuing introduction of Micro Business specific arrangements within the Suppliers Licences creates a growing need to be able to easily and efficiently identify such sites within Central Systems.

Without a central view of customer status, we inhibit the ability for all stakeholders to be able to easily and efficiently provide services to those customers consistently across the market.

In particular the introduction of a Micro Business Cooling Off Period will require stakeholders to be able to identify relevant consumers in a timely and efficient manner to ensure they are afforded the protections introduced by the new arrangements.

In addition, the introduction of Faster and More Reliable Switching via the Central Switching Service from June to August 2022 further increases the need for this transparency of status to be made readily available as the market for switching becomes more agile and dynamic

## 4 Code Specific Matters

### Reference Documents

TBC

### Knowledge/Skills

TBC

## 5 Solution

Whilst we are open to any pragmatic solution, we believe the easiest solution is to introduce a Micro Business identifier to the existing Marker Sector Codes. Re-use of the existing Market Sector Code by expanding the allowable value set to include an additional value, i.e. values to denote micro business in addition to existing domestic and industrial / commercial indicator.

## 6 Impacts & Other Considerations

### Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This proposal seeks to mitigate the impact of the introduction, by Ofgem, of a Micro Business Cooling Off Period scheduled to be implemented from the 1<sup>st</sup> January 2022 ahead of the Faster Switching Program (SCR), being introduced by Ofgem, whose Go Live Date is currently expected to occur between the 6<sup>th</sup> June and the 15<sup>th</sup> August 2022.

#### Consumer Impacts

The ability to more easily and more consistently identify Micro Business customers will better facilitate the protections provided to such customers.

#### Impact of the change on Consumer Benefit Areas:

Area	Identified impact
Improved safety and reliability  The status of Micro Business has no safety or reliability connotation	None
Lower bills than would otherwise be the case  Micro Business Customers would be more easily identifiable, and this will lead to them benefiting from the Cooling Off Period being applied. This could enable them to more easily remove themselves from burdensome or overly penal arrangements by invoking the right to cancel afforded during the Cooling Off Period	Positive
Reduced environmental damage  None identified	None
Improved quality of service  Micro Business Customers would be more easily identifiable, and this could lead to them more easily and consistently benefiting from additional protections afforded to them.	Positive
Benefits for society as a whole  None identified	None

## Cross-Code Impacts

Subject to assessment but may impact the IGT UNC directly and indirectly Retail Energy Code

## EU Code Impacts

None Identified

## Central Systems Impacts

Whilst we are open to any pragmatic solution, we believe the easiest solution is to introduce a Micro Business identifier to the existing Marker Sector Codes. Re-use of the existing Market Sector Code by expanding the allowable value set to include an additional value, i.e. values to denote micro business in addition to existing domestic and industrial / commercial indicator

## 7 Relevant Objectives

### Impact of the Modification on the Transporters' Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.secure	None
b) Coordinated, efficient and economic operation of <ul style="list-style-type: none"> <li>(i) the combined pipe-line system, and/or</li> <li>(ii) the pipe-line system of one or more other relevant gas transporters.</li> </ul>	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: <ul style="list-style-type: none"> <li>(i) between relevant shippers;</li> <li>(ii) between relevant suppliers; and/or</li> <li>(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.</li> </ul>	Positive
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

We believe the Modification is positive in respect of relevant objective (d) as it furthers the Securing of effective competition between Suppliers by enabling parties to easily and efficiently determine the current status of the relevant Supply Point. This will enable Suppliers and Brokers to more easily determine the applicability of the Micro Business status of the Customer thus ensuring that such customers are afforded the relevant protections in the Licence.

## 8 Implementation

Ofgem are proposing that the Micro Business Cooling Off Period is effective from the 1<sup>st</sup> January 2022 and we would accordingly seek the implementation of a solution ahead of this implementation date.

## 9 Legal Text

### Text Commentary

Insert text here.

### Text

Insert text here.

## 10 Recommendations

### Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Authority Direction should apply.
- Refer this proposal to a Workgroup for assessment.