









UNC Modification	At what stage is this document in the process?
<h1>UNC 0773:</h1> <h2>Introduction of a Micro Business identifier in Central Systems</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; background-color: #008000; color: white; padding: 5px; display: flex; align-items: center; justify-content: center;"> 01 Modification </div> <div style="border: 1px solid blue; padding: 5px; display: flex; align-items: center; justify-content: center;"> 02 Workgroup Report </div> <div style="border: 1px solid purple; padding: 5px; display: flex; align-items: center; justify-content: center;"> 03 Draft Modification Report </div> <div style="border: 1px solid orange; padding: 5px; display: flex; align-items: center; justify-content: center;"> 04 Final Modification Report </div> </div>
<p>Purpose of Modification:</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>Next Steps:</p> <p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none"> considered a material change and not subject to Self-Governance. assessed by a Workgroup <p>This Modification will be presented by the Proposer to the Panel on 15 July 2021. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p>	
<p>Impacted Parties:</p> <p>High: Suppliers, Shippers, Consumers</p> <p>Low: DNO’s, IGT’s</p> <p>None:</p>	
<p>Impacted Codes:</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	25 June 2021	
Date Modification Raised	05 July 2021	
New Modification to be considered by Panel	15 July 2021	
First Workgroup Meeting	22 July 2021	
Workgroup Report to be presented to Panel	21 October 2021	
Draft Modification Report issued for consultation	22 October 2021	
Consultation Close-out for representations	12 November 2021	
Final Modification Report available for Panel	16 November 2021	
Modification Panel decision	18 November 2021	
		 Any questions?
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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	4,346,969
SMEs (0-249 employees)	5,972,685	16,836	2,270,229
Small businesses (0-49 employees)	5,936,545	13,302	1,576,540
With no employees	4,567,775	4,966	315,627
All employers	1,412,745	22,766	4,031,341
of which:			
1-9 employees	1,156,925	4,196	615,251
10-49 employees	211,845	4,140	645,662
50-249 employees	36,140	3,534	693,689
250 or more employees	7,835	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 Market 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 Market 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 01 January 2022 ahead of the Faster Switching Program (SCR), being introduced by Ofgem, whose Go Live Date is currently expected to occur between the 6th June and the 15th 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
<p>Improved safety and reliability</p> <p>The status of Micro Business has no safety or reliability connotation</p>	None
<p>Lower bills than would otherwise be the case</p> <p>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.</p>	Positive
<p>Reduced environmental damage</p> <p>None identified</p>	None
<p>Improved quality of service</p> <p>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.</p>	Positive
<p>Benefits for society as a whole</p> <p>None identified</p>	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 Market 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 (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	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 1st 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.