

| UNC Modification   | At what stage is this document in the process?   |
|--|--|
| <h1>UNC 0804:</h1> <h2>Consequential UNC changes for Switching SCR (REC 3.0)</h2>  | <div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; background-color: #00a651; color: white; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">01</span> Modification         </div> <div style="border: 1px solid #00a651; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">02</span> Workgroup Report         </div> <div style="border: 1px solid #00a651; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">03</span> Draft Modification Report         </div> <div style="border: 1px solid #00a651; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">04</span> Final Modification Report         </div> </div> |
| <p><b>Purpose of Modification:</b></p> <p>Ofgem’s Switching Significant Code Review (SCR) will introduce the new Central Switching Service (CSS) and version 3.0 of the Retail Energy Code (REC 3.0). This Modification Proposal is part of the Switching SCR and progresses the consequential UNC changes needed to align with REC 3.0.</p>   |  |
| <p><b>Next Steps:</b></p> <p>The Proposer recommends that this SCR Modification Proposal should be:</p> <ul style="list-style-type: none"> <li>considered a material change and not subject to Self-Governance, and</li> <li>proceed to Consultation.</li> </ul> <p>As this Modification is being proposed by the Authority and forms part of the Switching SCR, the Modification should proceed under a timetable agreed with the Authority.</p> <p>This Modification will be presented by the Proposer to the Panel on <b>17 February 2022</b>. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</p> |  |
| <p><b>Impacted Parties:</b></p> <p>High:</p> <p>Low:</p> <p>None: This will impact all Uniform Network Code (UNC) Parties and new entrants who accede to the UNC.</p>  |  |
| <p><b>Impacted Codes: Uniform Network Code</b></p> <p>The Authority are raising Modifications in all other relevant Code forums in parallel with this proposal as part of the Switching SCR.</p>   |  |

| Contents  |                                |   |
|---|--------------------------------|---|
| 1   | Summary                        | 3 |
| 2   | Governance                     | 3 |
| 3   | Why Change?                    | 4 |
| 4   | Code Specific Matters          | 4 |
| 5   | Solution                       | 4 |
| 6   | Impacts & Other Considerations | 5 |
| 7   | Relevant Objectives            | 6 |
| 8   | Implementation                 | 7 |
| 9   | Legal Text                     | 7 |
| 10  | Recommendations                | 7 |
| Timetable   |                                |   |
| <b>Modification timetable:</b>                    |                                |   |
| Modification Raised                               | 09 February 2022               |   |
| New Modification to be considered by Panel        | 17 February 2022               |   |
| Draft Modification Report issued for consultation | 18 February 2022               |   |
| Consultation Close-out for representations        | 18 March 2022                  |   |
| Final Modification Report available for Panel     | 28 March 2022                  |   |
| Modification Panel recommendation                 | 21 April 2022                  |   |
| Final Modification Report available for Ofgem     | 22 April 2022                  |   |

 Any questions?

Contact:  
Joint Office of Gas Transporters

 [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

 0121 288 2107

Proposer:  
Nicola Garland

 [switching.programme@ofgem.gov.uk](mailto:switching.programme@ofgem.gov.uk)

 020 7901 7000

Transporter:  
Guv Dosanjh,  
Cadent

 [Gurvinder.Dosanjh@cadentgas.com](mailto:Gurvinder.Dosanjh@cadentgas.com)

 07773 151572

Other:  
Kishan Nundloll,  
Ofgem

 [kishan.nundloll@ofgem.gov.uk](mailto:kishan.nundloll@ofgem.gov.uk)

## 1 Summary

### What

Ofgem's Switching Significant Code Review (SCR) is part of Ofgem's Switching Programme. It will introduce faster and more reliable switching for gas and electricity consumers, including a harmonised dual-fuel Central Switching Service (CSS), supported by version 3.0 of the Retail Energy Code (REC 3.0).

Consequential UNC changes are needed to implement the End-to-End Business Process Design developed by the Switching Programme and specifically to align the UNC with REC 3.0.

### Why

The UNC must align with REC 3.0 from the go-live date for CSS, which is also the REC 3.0 effective date.

The Implementation Date for this Modification Proposal must be flexible and tied to the CSS go-live date / REC 3.0 effective date, as determined by Ofgem. Ofgem currently anticipates the CSS go-live date to be 18 July 2022; however, the Authority will decide the exact date nearer the time.

More detail can be found on the Ofgem website: <https://www.ofgem.gov.uk/>

### How

In the case of the UNC and in line with the Authority's SCR guidance, the Authority has worked with the code body and stakeholders to develop the drafting of the consequential changes to UNC required for the Switching Programme. The Authority's June 2019 consultation allowed industry parties the opportunity to view and comment on proposed changes to industry codes required for the Switching Programme, and these proposed change were then further discussed with relevant industry parties through the Switching Programme Regulatory Design User Group (RDUG).<sup>1</sup>

## 2 Governance

### Justification for Authority Direction

The proposer of this Modification is the Authority. As the Modification will make changes to the UNC to enable the creation of the Central Switching Service (CSS) and align the UNC with REC v3.0, it is likely to have a material impact on existing or future gas consumers. In addition it is likely to have an effect on competition in, and commercial activities related to, the shipping, transportation or supply of gas. Finally, the Modification will change some aspects of UNC governance.

Therefore, the Modification should be considered a material change and not subject to Self-Governance.

As this Modification is being proposed by the Authority, and is part of the Switching SCR, this means that a suite of Modifications is being raised across several Code Forums in parallel. Therefore, the Modification should proceed under a timetable agreed with the Authority.

---

<sup>1</sup> Papers for the Switching Programme Regulatory Design User Group (RDUG) are available to industry stakeholders via the Switching Programme Portal, [link](#).

## Requested Next Steps

This Modification should:

- Proceed to Consultation and should proceed under a timetable agreed with the Authority.

## 3 Why Change?

The Authority launched the Switching Significant Code Review (SCR) in November 2015 in order to introduce the necessary changes required to the licence and code framework for the Switching Programme. The objective of the Switching Programme is to improve consumers' experiences of switching, leading to greater engagement in the retail energy market by designing and implementing a new switching process that is reliable, fast and cost-effective. This will build consumer confidence and facilitate competition, delivering better outcomes for consumers.

The SCR mechanism allows Ofgem to holistically manage complex changes to multiple industry codes and licence conditions. Key to the process is effective working with industry and other stakeholders, including consumer representatives.

Alongside the Switching SCR, Ofgem launched the Retail Code Consolidation (RCC) SCR in November 2019. The purpose of that SCR was to rationalise retail energy codes by closing down the electricity Master Registration Agreement (MRA), gas Supply Point Administration Agreement (SPAA), the Smart Meter Installation Code of Practice (SMICOP), and Green Deal Arrangements Agreement (GDAA), and consolidating many of the requirements from these codes into the new Retail Energy Code (REC) or transferring them to another industry code as appropriate.

With the coming into effect of REC version 2.0 in September 2021, together with the implementation of consequential changes to other industry codes and the close-down processes for the MRA and SPAA in progress, Ofgem closed the RCC SCR. Ofgem then continued to progress the Switching Programme and related Switching SCR.

The Switching SCR will bring about significant changes to the REC as part of the Switching Programme, introducing REC version 3.0. These changes to the REC will require consequential changes to be made to other codes, including UNC, to reflect the new arrangements, leading to this UNC change proposal.

## 4 Code Specific Matters

### Reference Documents

Uniform Network Code (UNC)

[Switching Programme: Full Business Case | Ofgem](#)

## 5 Solution

The solution and Legal Text updates required have been provided within the attached legal drafting for this Significant Code Review Modification Proposal. These are included as redlined documents in the attachments.

## 6 Impacts & Other Considerations

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

This is being raised as part of the Significant Code Review being instructed by the Authority.

#### Consumer Impacts

| Impact of the change on Consumer Benefit Areas: |                   |
|---|-------------------|
| Area  | Identified impact |
| Improved safety and reliability                 | None              |
| Lower bills than would otherwise be the case    | None              |
| Reduced environmental damage                    | None              |
| Improved quality of service<br>See below        | Positive          |
| Benefits for society as a whole<br>See below    | Positive          |

The UNC changes support Ofgem's Switching Programme. The Programme's overall objective is to improve consumers' experience of switching, leading to greater engagement in the retail energy market, by designing and implementing a new switching process that is reliable, fast and cost-effective. This will build consumer confidence and facilitate competition, delivering better outcomes for consumers.

Ofgem's [Full Business Case](#) for the Switching Programme estimates the overall monetised benefit to consumers to be between £185m and £1,077m. Ofgem's identified monetised benefits include the following factors relating to improved quality of service for consumers:

- Direct benefits to consumers from faster switches and lower volumes of exceptions; and
- Indirect benefits of higher switching volumes likely to result from easier and more reliable switching.

Ofgem's Full Business Case also identifies non-monetised benefits of:

- Benefits to consumers of encouraging and enabling greater competition and innovation in the market (i.e. from competitive pressure leading to bills being lower than would otherwise have been the case); and
- Benefits of having a single switching system designed with future change in mind and that is better able to adapt to innovation.

As set out in the Full Business Case, Ofgem believes that the non-monetised benefits will outweigh monetised benefits.

## Cross-Code Impacts

The development of version 3.0 of the REC, as part of Ofgem’s Switching SCR, requires consequential changes to the UNC as detailed in this Change Proposal. The UNC changes have no impact on the REC. In parallel to this Modification, Ofgem is separately progressing modifications to the codes of several other code bodies in parallel with this Modification, namely, the BSC, SEC, DCUSA & IGT-UNC. The timetables of this Significant Code Review Modification Proposal and the cross-code parallel modifications are all being led by the Authority.

## EU Code Impacts

N/A

## Central Systems Impacts

N/A

# 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.   | None              |
| b) Coordinated, efficient and economic operation of<br>(i) the combined pipe-line system, and/ or<br>(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:<br>(i) between relevant shippers;<br>(ii) between relevant suppliers; and/or<br>(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.   | Positive          |
| 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              |

This Significant Code Review Modification Proposal will better facilitate the achievement of Relevant Objective (f) by ensuring that the UNC aligns with version 3.0 of the REC as of the go-live date for CSS/REC 3.0. Failure to ensure this would create risks for the successful delivery of Ofgem’s Switching Programme as well as adverse impacts for UNC parties, who would be unable to use the UNC processes needed to support the new CSS arrangements. This in turn would create adverse effects for consumers.

As the consequential UNC changes support the delivery of faster, more reliable switching they also promote effective supply competition and thereby better facilitate the achievement of Relevant Objective (d).

## 8 Implementation

Subject to considering the views of industry through the consultation and the recommendations for implementation following determination by UNC Modification Panel, Ofgem anticipates implementation of this Modification in time for the CSS Go Live Date (as defined by the REC), which is currently expected to be 18 July 2022, assuming that all affected Codes are able to progress their modifications within the same timeframe. The Authority shall designate the CSS Go Live Date (as defined in the REC) in due course.

## 9 Legal Text

Legal Text has been provided by Cadent on behalf of the Gas Transporters for this Significant Code Review Modification Proposal. The legal drafting is included as redlined (change marked) documents.

### Text

Legal Text has been published alongside this Modification. This can be found here:

<https://www.gasgovernance.co.uk/0804>

## 10 Recommendations

### Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Authority Direction should apply and issue this Modification directly to Consultation under a timetable agreed with the Authority.