

Modification proposal:	<b>Uniform Network Code (UNC) 0825: Removal of the remaining Retrospective Asset, Address and Supply Point (RAASP) elements of the Retrospective Adjustment arrangements put in place under Modification 0434</b>		
Decision:	The Authority <sup>1</sup> directs this modification be made <sup>2</sup>		
Target audience:	UNC Panel, Parties to the UNC and other interested parties		
Date of publication:	14 November 2023	Implementation date:	To be confirmed by the code administrator

## Background

Project Nexus<sup>3</sup> which ensured a replacement for the ageing UK Link system used for settlements and other functions of the GB gas market introduced arrangements to the UNC<sup>4</sup> to allow Shippers<sup>5</sup> to make retrospective updates to data held on the Supply Point Register<sup>6</sup>. This data included the update of meter asset data, replacement of meter readings and address amendments. These arrangements were introduced as part of UNC modification 0434: Project Nexus – Retrospective Adjustment<sup>7</sup> which we approved on 21 February 2014 and was implemented on 01 October 2015.

Following the approval of UNC modification 0434 several modifications were raised which delayed the implementation and limited its impact and the ability of Shippers to make retrospective adjustments. In February 2016 National Grid raised UNC modification 0573:

<sup>1</sup> References to the “Authority”, “Ofgem”, “we” and “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

<sup>3</sup> [Project Nexus | Ofgem](#)

<sup>4</sup> [Uniform Network Code](#)

<sup>5</sup> Shipper is defined in the [UNC GTB – General Section 2.2.1](#)

<sup>6</sup> Supply Point Register is defined in the [UNC TPD Section G - Supply Points](#)

<sup>7</sup> [0434 - Project Nexus – Retrospective Adjustment | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#)

(Urgent) - Project Nexus – deferral of implementation of elements of Retrospective Adjustment arrangements<sup>8</sup> to defer the implementation of the Retrospective Asset, Address and Supply Point (RAASP) elements of the arrangements set out in UNC modification 0434; however, the retrospective update of meter readings was not affected by this modification. This was followed by UNC modification 0610S: Project Nexus - Miscellaneous Requirements<sup>9</sup> which further removed the requirement for retrospective adjustments to Local Distribution Zone (LDZ)<sup>10</sup> and Calorific value <sup>11</sup> calculations from the arrangements.

Seven years after the retrospective adjustments were first conceived in UNC modification 0434 combined with the difficulty of developing a solution without presenting significant risk to the delivery of the wider Nexus program UNC modification 0434 had not yet been fully implemented. As a result, UNC modification 0651: Changes to the Retrospective Data Update provisions<sup>12</sup> was raised by Cadent which proposed adding a timestamp and a simple data cleanse and was to supersede the requirement for the remaining RAASP elements of UNC modification 0434 still not implemented. UNC modification 0651 was approved by Ofgem on 14 March 2019, and to date this modification has not been implemented and no implementation date has been agreed by the Parties.

A Proof of Concept<sup>13</sup>(POC) for UNC modification 0651 solution was created by Xoserve and presented to industry at the Data Services Contract change management committee on 11 November 2021. The POC also provided industry with the details of data analysis conducted by Central Data Service Provider<sup>14</sup> (CDSP) which demonstrated that the implementation of RAASP solution would not bring the benefits to industry as intended when the change was initially reviewed. A consultation on the proposed options in the POC demonstrated further that there was limited support for UNC modification 0651 solution with only one out of ten respondents<sup>15</sup> in favour. A number of developments since the approval of UNC modification 0651 have taken

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<sup>8</sup> [0573 \(Urgent\) - Project Nexus – deferral of implementation of elements of Retrospective Adjustment arrangements | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#)

<sup>9</sup> [0610S - Project Nexus - Miscellaneous Requirements | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#)

<sup>10</sup> LDZ is defined in [UNC TPD Section A - System Classification](#)

<sup>11</sup> Calorific Value is defined in [UNC GTC - Interpretation](#)

<sup>12</sup> [0651- Changes to the Retrospective Data Update provisions | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#)

<sup>13</sup> [Proof of Concept](#)

<sup>14</sup> CDSP as defined in [UNC GTD - CDSP and UK Link](#)

<sup>15</sup> Xoserve [Retrospective Data Updates Options Paper for Consultation](#)

place which leads industry to believe that it is not appropriate to implement, these developments include:

- Consumption adjustments contained within the solution mirrors what can already be achieved today.
- Significantly higher cost to implement UNC modification 0651 with cost estimates moving from £500k to £1.8m-£2.4m.
- Concerns regarding consequential impacts on all Shippers (socialisation of costs) following the use of 'retro updates' as envisaged by the UNC modification 0651 solution.

### **The modification proposal**

On 28 September 2022, Cadent (the 'Proposer') raised UNC modification 0825: Removal of the remaining Retrospective Asset, Address and Supply Point (RAASP) elements of the Retrospective Adjustment arrangements put in place under UNC modification 0434. For the avoidance of any doubt this modification will not have an impact of any elements of UNC modification 0434 which have already been implemented.

The modification will amend the following business rules within the UNC:

1. Remove the Retrospective Data Update process from UNC.
2. Shipper Users will not be able to submit a Retrospective Data Update Notification.
3. The CDSP will not carry out a Retrospective Data Update and an adjustment to an Affected Offtake Reconciliation will not be undertaken.
4. Adjustments to Reconciliation Values should not arise in relation to the Retrospective Data Update process.

These rules are contained within sections TPD E, TPD M, TPD S and Transitional Rules TD11C<sup>16</sup> of the UNC.

Authority approval of the solution outlined in UNC modification 0825 will result in UNC modification 0651 not being implemented into the UNC.

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<sup>16</sup> [TPD E](#), [TPD M](#), [TPD S](#) and [Transitional Rules TD11C](#)

## UNC Panel<sup>17</sup> recommendation

At the UNC Panel meeting on 21 September 2023, the UNC Panel unanimously considered that modification 0825 would better facilitate the UNC objectives and the Panel therefore recommended its approval.

## Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report<sup>18</sup> (FMR) dated 21 September 2023. We have considered and taken into account the responses to the industry consultation on the modification proposal which are attached to the FMR<sup>19</sup> We have concluded that:

- Despite the approval of UNC modification 0651 by the authority on 14 March 2019, that this modification will not be implemented and has been superseded by UNC modification 0825.
- Implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the UNC;<sup>20</sup> and
- Directing that the modification be made is consistent with our principal objective and statutory duties.<sup>21</sup>

## Reasons for our decision

We consider this modification proposal will better facilitate UNC relevant objective (f) and has a neutral impact on the other relevant objectives.

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<sup>17</sup> The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules.

<sup>18</sup> [UNC825 Final Modification Report](#)

<sup>19</sup> UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at [www.gasgovernance.co.uk](http://www.gasgovernance.co.uk)

<sup>20</sup> As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, available at: [Licences and licence conditions | Ofgem](#)

<sup>21</sup> The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Gas Act 1986 as amended.

***(f) so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code***

The Proposer believes that the modification will better facilitate UNC relevant objective (f) by providing clarity on which parties are responsible for overseeing data and ensuring data accuracy. This is due to the introduction of the Retail Energy Code<sup>22</sup> (REC) and the REC Performance Assurance Board<sup>23</sup> (PAB) which has responsibility for monitoring parties' performance in maintaining accurate data. The Proposer also felt that based on industry progress of the smart meter rollout the original solution no longer delivers the anticipated benefits which was one of the Authority's key considerations in the UNC modification 0651 decision.

All workgroup participants agreed with the explanation provided by the Proposer and highlighted that since the original modification proposal a significant amount of time has passed with no solution in place and industry has managed without any of the intended benefits. Three of the five consultation respondents stated they felt that UNC modification 0651 no longer delivers the intended benefits to industry due to several factors including the responsibility for data accuracy moving to the REC. All respondents felt that UNC modification 0825 will have a positive impact on relevant objective (f).

The Panel also agreed that this modification will have a positive impact on relevant objective (f) by removing the requirement to implement UNC modification 0651 which the panel feel has been proven by the POC, alongside changes in landscape and activities which have taken place since March 2019. The significant increase in costs and complexity to implement UNC modification 0651 and no longer delivering the full scope of the remaining RAASP elements of UNC modification 0434 make their implementation uneconomic and inefficient. However, the panel did feel that if the governance process had worked as intended then the need for this modification may not have arisen.

We agree that the evidence presented in the FMR including the POC developed by Xoserve demonstrating increased costs to implement the solution, and the time passed since the

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<sup>22</sup> [Retail Energy Code](#)

<sup>23</sup> [Retail Energy Code Performance Assurance Board](#)

solution was proposed, indicate that implementing UNC modification 0651 would no longer be economic and efficient. With data accuracy now being the responsibility of the REC PAB, UNC modification 0825 will ensure that it is clear where responsibility for ensuring data accuracy lies. Further we support the move to a right first-time approach for data accuracy as mentioned in the approval of UNC modification 0651.

It is clear that since UNC modification 0434 was conceived there have been significant barriers and delays to implementing the full solution resulting in UNC modification 0651 superseding the remaining RAASP elements of UNC modification 0434 which are not yet implemented. We agree with both the panel and proposer that the costs and delays to implementing UNC modification 0651 make it uneconomic and inefficient.

For these reasons we consider this modification will further Relevant Objective (f).

### **Decision notice**

In accordance with Standard Special Condition A11 of the Gas Transporters licence, the Authority hereby directs that modification proposal UNC 0825: Removal of the Remaining Retrospective Asset, Address and Supply Point (RAASP) elements of the Retrospective Adjustment arrangements put in place under Modification 0434 be made.

**Michael Walls**

**Head of Smart Metering and Retail Market Operations**

Signed on behalf of the Authority and authorised for that purpose