

Modification proposal:	Uniform Network Code (UNC) 0855: Settlement Adjustments for Supply Meter Points impacted by the Central Switching System P1 Incident		
Decision:	The Authority ¹ directs this modification be made ²		
Target audience:	UNC Panel, Parties to the UNC and other interested parties		
Date of publication:	5 January 2024	Implementation date:	To be confirmed by the code administrator

Background

The Central Switching Service (CSS)³ was introduced by Ofgem in 2022 to facilitate efficient and expedited Switching⁴ between suppliers within the retail energy market and is one of a number of Switching Data Service Providers.⁵

If an issue arises in relation to a system or process within the CSS which causes disruption to a switch, this is known as a Switching Incident.⁶ When this occurs, the Switching Operator⁷ shall assign a priority ranking to each Switching Incident. This ranking is based on its impact on the Switching arrangements and market participants, these incidents are priority ranked as follows:

- Priority 1 – for Switching incidents causing critical impact and significant financial loss/disruption
- Priority 2 – for Switching incidents causing non-critical impact with non-significant financial loss/disruption

¹ 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.

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

³ 'Central Switching Service' is defined in Retail Energy Code: Interpretations and Definitions.

⁴ 'Switching' is defined in Retail Energy Code: Interpretations and Definitions.

⁵ 'Switching Data Service Providers' is defined in Retail Energy Code: Interpretations and Definitions.

⁶ 'Switching Incident' is defined in Retail Energy Code: Interpretations and Definitions.

⁷ 'Switching Operator' is defined in Retail Energy Code: Interpretations and Definitions.

- Priority 3 - for Switching incidents causing adverse impact but can be reduced to moderate/adverse impact
- Priority 4 – for Switching incidents causing minimal impact

On 6 July 2023, the Switching Operator declared a Priority 1 Incident. This involved approximately 193,000 Registrations⁸ which did not successfully progress to a state wherein they would become Active Registrations by the original Supply Effective From Date⁹ within the CSS. As a consequence, Secured Active Notifications¹⁰ required under the Retail Energy Code (REC) were not issued to the Gas Retail Data Agent. This Priority 1 Incident impacted, as detailed within the Final Modification Report, over 80,000 gas Registrations.

Secured Active Notifications, under the Uniform Network Code (UNC), are termed 'Definitive Registration Notifications' when received by the Central Data Services Provider (CDSP). During this Priority 1 Incident, the CDSP did not receive these notifications in advance of the Registration Effective Date, which meant that the CDSP did not have the ability to record the Nominated Shipper as the Relevant User of the Supply Point in accordance with UNC Transportation Principal Document (TPD) Section G 5.2.4.¹¹

As a result of this Priority 1 Incident, there is a gap between the Registration Date in UK Link and the CSS which resulted in an issue whereby Settlement¹² (generated by UK Link) has not been attributed to the relevant Shipper, recorded in the CSS.

The modification proposal

Modification proposal UNC855: Settlement Adjustments for Supply Meter Points impacted by the Central Switching System P1 Incident was raised SEFE ("the Proposer") on 10 August 2023. The Proposer states that this modification will implement mechanisms for Settlement Adjustments for approximately 80,000 Registrations. This will allow for the Settlement issues caused by the Priority 1 Incident which resulted in a disconnect in the Supply Effective From Date in the CSS and the Registration Effective Date in UK Link systems to be resolved,

⁸ 'Registrations' is defined in Retail Energy Code: Interpretations and Definitions.

⁹ 'Supply Effective From Date' is defined in Retail Energy Code: Interpretations and Definitions.

¹⁰ 'Secured Active Notifications' is defined in Retail Energy Code: Interpretations and Definitions.

¹¹ Transportation Principal Document. UNC. Available: [Transportation Principal Document | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](https://www.gasgovernance.co.uk/transportation-principal-document)

¹² "Settlement" means in relation to a Day the determination and settlement of amounts payable in respect of Energy Balancing Charges in accordance with the Code (TPD V16.1.1(d))

reconciliation to take place where necessary and allow for settlement discrepancies to be addressed.

The Proposal states that UNC855 has been raised to address issues which have arisen as a consequence of the Priority 1 Incident. The modification will only consider Supply Meter Points where these dates are misaligned as this is where Settlement Discrepancy will have occurred. Furthermore, the value of the adjustments is yet to be defined, as the CDSP do not formally know the impacted Supply Meter Points, as there are instances where the failed Registrations have yet to occur, and these will be subject to reconciliation by the Switching Operator.

UNC Parties have identified potential resolution paths to address the issues caused by the Priority 1 Incident, and this modification will support these resolutions in order to address Settlement discrepancies through reconciliation, therefore reducing the impact on consumers, systems and processes. The resolution paths, noted below, illustrate the methods by which industry parties have attempted to resolve the issues caused by the Priority 1 Incident:

a. Switching Operator Issue of Retrospective Secured Active Notifications

The Switching Operator, in this instance, has issued the Secured Active Notifications for the original Supply Effective From Date from 2 August 2023. These could be up to 27 days later that they should have been issued, this will also include instances where the CSS have notified the CDSP that the Registration is Active within CSS and that it would send a Definitive Registration Notification and failed to do so. As part of this resolution, DCC are seeking a derogation from REC Performance Assurance Board (PAB) to facilitate this. These Supply Meter Points are included within this proposal.

b. Supplier Proactive Cancellation of Registrations and Registration resubmission for Future Effective Date

Suppliers may have cancelled the original Registration that has reached the intended Supply Effective From Date in CSS but the original Registration has not been set to Active by the CSS. These Supply Meter Points are included within this proposal as there may be a disconnect between the Original (intended) Supply Effective From Date and the Registration Effective Date in UK Link systems.

In order for a Supply Meter Point to qualify for the solution proposed in this modification, it must be defined as an impacted Supply Meter Point by the Switching Operator or included in the CDSP assessment of impacted Supply Meter Points.

As part of UNC855, a number of transitional components will be considered for the period of the Priority 1 Incident, these include:

1. The Priority 1 Incident scope is from the 7 July 2023 until all impacted Supply Meter Points have been identified and the Registrations effected in the UK Link system whether resolved by the resolution paths, noted above.
2. In these circumstances, the Recorded Shipper will be responsible for Transportation invoicing.
3. Where a meter reading does not exist, the CDSP will insert a meter reading on the date that the Supply Point Registration of the CSS Supply Point would have become effective.
4. The methodology for the meter reading will be determined by the prevailing class at the time of the CSS Registration Effective Date and in accordance with UNC TPD 5.4.1 and 5.4.2¹³ for classes 1 and 2, and 3 and 4.
5. The CDSP will calculate the adjustment required once the Registration has taken place and the Opening Meter Reading and the CSS Registration Effective Date meter reading have been recorded in UK Link systems.
6. Intra-group transfers will be exempt from this modification as they have no impact on Settlement but both the losing and gaining Shipper will need to inform the CDSP that they have opted out for transfers to one another.
7. The CDSP will perform the adjustment calculation no earlier than at the end of the third month following issue of the CSS Effective Date Meter Reading to both Shippers, or the implementation Date of the modification, whichever is the later.
8. Adjustments will be issued to the relevant Shipper Users within M+2 of the adjustment being identified.
9. The incoming Shipper must warrant which Supply Meter Points are valid instances of Supplier Proactive Cancellation of Registrations and Registration resubmission for a Future Effective Date. Where such Supply Meter Points are warranted by the incoming

¹³ Transportation Principal Document. UNC. Available: [Transportation Principal Document | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](https://www.gasgovernance.co.uk/transportation-principal-document-joint-office-of-gas-transporters)

Shipper these will be included in the adjustment processes and meter readings shall be applied.

UNC Panel¹⁴ recommendation

At the UNC Panel meeting on 23 October 2023, the Panel unanimously considered that modification 855 would better facilitate the UNC relevant objectives and the Panel therefore recommended its approval.

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report¹⁵ (FMR) dated 19 October 2023. We have considered and taken into account the responses to the industry consultation(s) on the modification proposal which are attached to the FMR¹⁶ We have concluded that:

- Implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the UNC¹⁷; and
- Directing that the modification be made is consistent with our principal objective and statutory duties.¹⁸

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.

We agree with the UNC Panel and consultation responses which cite that UNC855 provides an appropriate process and solution to both manage and resolve Settlement issues which can be attributed to the Priority 1 Incident. The UNC Panel and consultation respondents noted that

¹⁴ The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules.

¹⁵ [Final Modification Report 0855. Joint Office of Gas and Transporters. 2023.](#)

¹⁶ UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at www.gasgovernance.co.uk

¹⁷ As set out in Standard Special Condition A11(1) of the Gas Transporters Licence. Available: [Standard Special Condition - PART A Consolidated - Current Version.pdf \(ofgem.gov.uk\)](#)

¹⁸ 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.

the continued misalignment between Supply Effective From Date in the CSS and the Registration Effective Date in UK Link systems has the potential to adversely impact further industry processes. Our view is that this Proposal will assist in mitigating any further consequences from the Priority 1 Incident and will reduce the risk of protracted Settlement uncertainty.

Our views align with the UNC Panel and consultation respondents that the impact of UNC855 on UNC Relevant Objective (f) is positive as it allows the CDSP to make the necessary arrangements to address Settlement inaccuracies which promotes the efficiency of industry processes and administration of the Code.

For these reasons we consider this modification will further facilitate 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 0855: Settlement Adjustments for Supply Meter Points impacted by the Central Switching System P1 Incident be made.

Michael Walls

Head of Smart Metering and Retail Market Operations

Signed on behalf of the Authority and authorised for that purpose