

UNC Final Modification Report	At what stage is this document in the process?
<h1 style="color: #008080;">UNC 0768:</h1> <h2 style="color: #008000;">Retail Code Consolidation Significant Code Review</h2>	
<p>Purpose of Modification:</p> <p>This Modification is required to ensure the UNC is aligned with the wider codes landscape from 1 September 2021, when Retail Code Consolidation is due to take effect. This Modification will ensure the UNC reflects:</p> <ul style="list-style-type: none"> • The introduction of improved cross-code change governance arrangements; and • The approach to data access management that will be taken under the REC. 	
	<p>Panel consideration is due on 17 June 2021</p>
	<p>High Impact: None</p>
	<p>Medium Impact: Gas Transporters, Shippers</p>
	<p>Low Impact: None</p>

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Timetable		 UKLink@xoserve.com
The Proposer recommends the following timetable:		
Initial consideration by Panel	20 May 2021	
Draft Modification Report issued for consultation	20 May 2021	
Consultation Close-out for representations	04 June 2021	
Final Modification Report available for Panel	09 June 2021	
Modification Panel decision	17 June 2021	

1 Summary

What

The energy code landscape is complex and fragmented. This makes the industry difficult for market participants to understand and navigate and complicates significant change processes. Code consolidation and simplification is an overall goal that Ofgem has been pursuing for some years. At a broad level this is being taken forward by BEIS and Ofgem in the Energy Codes Review. However, the creation of the Retail Energy Code (REC) as a dual fuel retail code to support the introduction of faster and more reliable switching through a centralised switching service provided the opportunity to simplify the retail code landscape.

The Authority believe that retail code consolidation will make it easier for market participants to understand and comply with their responsibilities. The introduction of the REC has also allowed Ofgem to implement code governance and management reforms that the Authority believe will lead to more efficient management and delivery of change, and will ensure that the code supports innovation and considers consumer interests. These changes will lead to lower cost and better outcomes for consumers.

Ofgem launched the Retail Code Consolidation Significant Code Review (SCR) in November 2019. This set out our intention to consolidate the Master Registration Agreement (MRA) and Supply Point Administration Agreement (SPAA) into the REC, to further consolidate a number of metering codes and the Green Deal provisions in the REC and to make consequential changes to other codes. The Retail Code Consolidation SCR also set out to improve cross-code change management.

Why

This Modification is required to ensure the UNC is aligned with the wider codes landscape from 1st September 2021, when Retail Code Consolidation is due to take effect. This Modification will ensure the UNC reflects:

- The introduction of improved cross-code change governance arrangements; and
- The approach to data access management that will be taken under the REC.

How

This Modification will amend the Modification Rules and Transportation Principal Document (TPD) Section V. The proposed amendments to the Legal Text are published alongside this document at: <https://www.gasgovernance.co.uk/0768>.

2 Governance

Justification for Authority Direction

This Modification is a Significant Code Review Modification Proposal which has been raised by the Authority. It seeks to make a material amendment the Modification Rules of the UNC. Given the timescales for the planned Retail Code Consolidation, and that this is a material change not subject to self-governance, this Significant Code Review Modification Proposal requires Authority Direction.

Ofgem has set out its intention to issue its decision to implement REC v2.0 and issue its decisions in relation to the consequential changes to other codes under the Retail Code Consolidation SCR on or around 2nd July 2021, with Retail Code Consolidation planned to take effect from 1st September 2021.

Requested Next Steps

This Modification should:

- be considered a material change and not subject to Self-Governance
- proceed to Consultation
- is a Significant Code Review Modification and should proceed as such under a timetable directed by the Authority

This Modification should be issued to Consultation without workgroup assessment because it has been developed through extensive public consultation and discussion at the Regulatory Design User Group (RDUG) under Ofgem's Switching Programme. RDUG is open to Gas Transporters and Shippers to attend and participate.

The Authority has Directed certain elements of the timetable for this Modification, in accordance with paragraph 12.5.2 of the Uniform Network Code Modification Rules.

3 Why Change?

This Modification is required to ensure the UNC is aligned to the wider codes landscape when Retail Code Consolidation occurs.

Cross Code Steering Group

This modification proposal includes the necessary changes to the Modification Rules of the UNC to implement improved cross-code change arrangements. Notwithstanding the consolidation of codes being undertaken as part of the RCC, Ofgem expects that there will still be a need for effective management of changes that impact upon more than one code.

In particular, the REC Technical Specification includes provisions that impact on the operation of other industry codes. For example, the REC will host the Data Item and Message Catalogues. The scope of these catalogues includes the data items and messages required under the following industry Codes BSC, DCUSA, SEC, UNC and IGT UNC. The REC Code Manager will be responsible for publishing these catalogues and implementing updates. However, it is important to ensure that the overall governance framework places responsibility and control over the actual metadata held within the Data Specification on the relevant organisations that create and/or use it, and the codes that manage the related processes.

Historically cross-code coordination efforts have relied on ad hoc voluntary coordination between the various code administrators, in accordance with CACoP principle 13: 'Code Administrators will ensure cross Code coordination to progress changes efficiently where modifications impact multiple Codes'. The results of this have been mixed.

To address this, as part of the Retail Code Consolidation SCR, Ofgem will establish under the REC a Cross Code Steering Group (CCSG) and create an enduring governance framework to enable robust cross code working, including on the assessment and development of changes that impact upon two or more industry codes. The principles and practices of the CCSG and the operational procedures for cross-code change will be set out in the CCSG Terms of Reference (ToR), a document to be governed in accordance with the REC Change Management process. Any code administrator may raise a REC change to propose enhancements to the CCSG practices or processes if they wish to do so.

In summary, where a proposed change is likely to require a consequential change or update to another code, the change will be considered and by the CCSG. If the CCSG agrees that a consequential change is needed, it will designate a **lead** change (referred to in the UNC drafting as a "principal" change), and one or more

consequential changes (referred to in the UNC drafting as “subsidiary” changes). The changes will then proceed through their respective development phases in accordance with their code rules, and in accordance with the timetable set out by the lead code. This ensures equally that the consequential change cannot be implemented before the lead change (as has occurred in the past), and that development of the consequential change cannot hold up the lead change unnecessarily.

Ofgem also proposes to enable the code administrator/manager of each code to raise consequential changes to their respective codes, where those changes have been agreed at the CCSG. This will reduce the dependence and burden upon individual code parties to facilitate this cross code working. The REC does not have any restriction on who can raise a change proposal, so any code administrator could raise a REC change if necessary. Ofgem proposes there should be a reciprocal ability for the REC Code Manager to raise consequential changes to the other codes, where necessary, for example if the code administrator does not have the resource capacity to do so. These modification-raising rights have been inserted into the Modification Rules. This should help to make cross-code change processes easier to manage.

Each code will then include legal drafting to embed the CCSG and the decision making rules and rights for both the ‘lead’ code and any ‘consequentially-impacted’ codes.

In summary, the changes proposed to the Modification Rules of the UNC will embed the required processes to ensure that UNC Parties can benefit from improved cross code change.

Section V5 of the Transportation Principal Document (TPD)

UNC Modification 0697VS previously amended Section V5 of the UNC TPD to remove the detail from the UNC which describes users and the data items that parties can access. Consultation responses noted that this was consistent with the approach that will be taken under the REC.

The proposed amendment to Section V5 in this Modification will remove three paragraphs that were added during the course of UNC 0697VS being developed and decided upon, and therefore were not within the scope of UNC 0697VS.

4 Code Specific Matters

Reference Documents

Ofgem’s open letter regarding the Significant Code Review modifications for Retail Code Consolidation:

<https://www.ofgem.gov.uk/publications-and-updates/open-letter-regarding-significant-code-review-modifications-retail-code-consolidation>

Ofgem’s Decision on Retail Energy Code v2.0 and Retail Code Consolidation Consultation:

<https://www.ofgem.gov.uk/publications-and-updates/decision-retail-energy-code-v20-and-retail-code-consolidation-consultation>

Knowledge/Skills

Awareness of the Retail Code Consolidation SCR.

5 Solution

Cross Code Steering Group

Ofgem has set out its decision on the solution to implement the new cross-code change arrangements in its Decision on the REC v2 and Retail Code Consolidation consultation¹. This is replicated below:

Design of the cross-code decision making process

We propose that each modification within a cross code change package should be voted on by the relevant panel, whose recommendations and/or decisions must continue to be based upon their own assessment of whether the proposed change would better facilitate the relevant objectives of that particular code. However, implementation of each change in the package would be conditional on the approval of all modifications within the package, and this conditionality should be clearly set out in the change proposal.

Where all changes within a package are self-governance modifications:

- a) If every code votes to approve their respective modification, then the whole package is approved and all modifications can be implemented.*
- b) If the **lead** change is approved by its respective code, but one or more **consequential** changes are rejected, the lead code panel can choose to refer the decision on all changes in the package (lead and consequential) to the Authority within 30 days of the vote on the lead change. This 30 day window allows for any self-governance appeal routes to close before the panel must decide whether to refer the package to the Authority.*
- c) If the **lead** change is rejected by its respective code, then none of the **consequential** changes can be implemented regardless of whether they are or would have been approved by their respective codes (subject to any appeal of the decision of the lead code).*
- d) If all changes within a package are approved, but one of the modifications is subsequently successfully appealed, the other related changes should not be implemented or their implementation should be reversed.*

Where a cross-code change package consists of a mixture of self-governance and Authority decision modifications, we consider that the lead change should always be one of the changes that requires an Authority decision. This means that if any of the consequential changes are rejected, they can be referred to the Authority for decision at the same time as the decision on the lead change.

As noted above regarding the operation of the CCSG, we consider that much of the conventions around designating a lead change can be set out in the terms of reference or working practices of the CCSG. As the CCSG will be a sub-committee under the REC, the REC will include an obligation that the CCSG operates in accordance with the CCSG Terms of Reference. Following discussion with the REC Code Manager, we have also decided that the CCSG Terms of Reference document should be a Category 2 document under the REC, meaning that changes to the terms of reference must go through the formal REC change process. We consider this is appropriate and proportionate, taking into consideration that the CCSG Terms of Reference will impact a broad range of codes and code parties.

¹ [Decision on the REC v2 and Retail Code Consolidation consultation](#)

This also means that any interested person (including parties to other codes) could propose changes to the operation of the CCSG, for consideration in accordance with the REC Change Management Schedule.

The legal drafting of the UNC has used the terms “principal” instead of **lead**, and “subsidiary” instead of **consequential**.

A summary table is provided below setting out the intended outcomes for various configurations of cross-code modifications and decisions/recommendations involving the UNC:

UNC Modification type	<u>Modification Panel decision when UNC is the principal code</u>	<u>Decision on subsidiary code modification</u>	Outcome
Authority Direction	Approved	Approved	Change is implemented upon Authority decision.
Authority Direction	Approved	Not approved	UNC Modification Panel has 30 days from latest date on which a decision is made on a relevant change, to refer the UNC Modification Proposal and subsidiary proposal(s) to the Authority.
Self-Governance	Approved	Approved	Change is implemented upon approval by UNC Modification Panel.
Self-Governance	Approved	Not approved	UNC Modification Panel has 30 days from latest date on which a decision is made on a relevant change, to refer the UNC Modification Proposal and subsidiary proposal(s) to the Authority. The referral should be sent to the Authority after the completion of any Self-Governance appeal windows.
	<u>Modification Panel decision when UNC is the subsidiary code</u>	<u>Decision on principal code modification</u>	
Authority Direction	Approved	Approved	Change is implemented.
Authority Direction	Approved	Not approved	The Authority should reject UNC Modification Proposal.
Self-Governance	Approved	Approved	Change is implemented.
Self-Governance	Approved	Not approved	No change occurs, and Modification proposal notwithstanding Self-Governance will not be implemented as the principle code did not approve the Modification.
Authority Direction or Self-Governance	Not approved	Approved	The principal code’s Modification Panel-equivalent has 30 days from latest date on which a decision is made on a relevant change,

			<p>to refer the principal Modification Proposal and subsidiary proposal(s) to the Authority. The referral should be sent to the Authority after the completion of any Self-Governance appeal windows</p> <p>If approved by the Authority following such a referral, the Modification Proposal is implemented by Authority decision.</p>
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Section V5 of the Transportation Principal Document (TPD)

Paragraph 5.14 should be removed, in order to align to the rationalisation of V5 undertaken in UNC Modification 0697VS, removing the Users from V5 along with the reference to the data items such Users have access to.

6 Impacts & Other Considerations

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

This is a Significant Code Review Modification Proposal in respect of the Retail Code Consolidation SCR.

Consumer Impacts

Consumer Impact Assessment	
Criteria	Extent of Impact
Which Consumer groups are affected?	<ul style="list-style-type: none"> • Domestic Consumers • Small non-domestic Consumers • Large non-domestic Consumers • Very Large Consumers

<p>What costs or benefits will pass through to them?</p>	<p><u>Lower bills than would otherwise be the case</u></p> <p>The Authority anticipates that retail code consolidation will lead to lower costs for industry and therefore for consumers.</p> <p><u>Improved quality of service</u></p> <p>The Authority anticipates that retail code consolidation will lead to more effective management of retail industry processes and improved performance assurance. This should lead to improved experiences for consumers.</p> <p><u>Benefits for society as a whole</u></p> <p>The Authority believe that the code management and governance changes from retail code consolidation will lead to easier, quicker and less costly change, supporting innovation that will bring benefits across the economy.</p>
<p>When will these costs/benefits impact upon consumers?</p>	<p>Immediately on implementation.</p>
<p>Are there any other Consumer Impacts?</p>	<p>NA</p>

Cross Code Impacts

Similar Modifications are being raised to the BSC, SEC, DCUSA and IGT UNC to embed the Cross Code Steering Group in those codes. The REC will be modified via the Switching Programme governance processes.

EU Code Impacts

None.

Central Systems Impacts

None.

7 Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of <ul style="list-style-type: none"> (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.	None
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

f) Promotion of efficiency in the implementation and administration of the Code.

Improved cross-code change, particularly ensuring aligned timelines for cross-code changes, will improve the efficient administration of the Code and the wider energy market.

8 Implementation

As this is a Significant Code Review Modification Proposal, the Authority will direct the implementation date in accordance with the Code Modification Rules. The Authority will advise on this direction in due course.

If the Authority decides to approve this Significant Code Review Modification Proposal then implementation will need to take place in time for Retail Code Consolidation, which will occur at a time designated by the Authority in accordance with the REC. Retail Code Consolidation is planned to come into effect on 1st September 2021.

9 Legal Text

Legal Text has been provided by Cadent Gas and has been reviewed accordingly. The Proposer and the Legal Text provider have considered the Legal Text and are satisfied that it meets the intent of the Solution.

Text Commentary

None provided.

Text

Legal Text is published separately in two parts Section V5 and Cross Code Change and are published alongside this document at: <https://www.gasgovernance.co.uk/0768>.

10 Consultation

Panel invited representations from interested parties on 20 May 2021. The summaries in the following table

are provided for reference on a reasonable endeavours' basis only. It is recommended that all representations are read in full when considering this Report. Representations are published alongside this Final Modification Report.

Implementation was unanimously supported in the 4 representations received.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
Cadent	Support	f) - positive	<ul style="list-style-type: none"> • Cadent are supportive of developments which simplify the 'code landscape' and are supportive of consequential changes required to the UNC. Cadent are also supportive of developments which assist the various codes in working together, as this modification does, regarding governance arrangements. • Agree that implementation is required by 1 Sept 2021. • Cadent are happy that the Legal Text meets the requirements of the Modification Solution.
Northern Gas Networks (NGN)	Support	f) - positive	<ul style="list-style-type: none"> • This modification introduces the changes to the UNC Modification Rules to facilitate the Cross Code Steering Group (CCSG) permissions and processes. The CCSG changes are being introduced across a number of codes to improve governance arrangements to facilitate modification proposals with impacts to other codes. This is required as part of Retail Energy Code (REC) V2, Retail Code Consolidation (RCC) to better facilitate REC V3, Faster Switching, due to be implemented in June 2022. This modification should ensure that the UNC is aligned with the wider code landscape and therefore furthers Relevant Objective f) the promotion of efficiency in the implementation and administration of the Code. • Agree that the Authority direct the implementation date in accordance with the Code Modification Rules, and as yet this date has not been set, however NGN expect it to be prior to the Retail Code Consolidation implementation date, which is currently scheduled for 01 September 2021. • NGN has not identified any additional costs as a result of this modification. • Believe the legal text meets the intent of the Solution. Note that Ofgem has worked with industry to refine the CCSG changes, and subsequent legal text following feedback, and that this is reflected in this version of the legal text. • Note that some of the following paragraph 15.3 could potentially result in ambiguity and therefore suggest the

			<p>following revision (shown change marked) to clarify. Where the Cross-Code Steering Group determines in relation to a Cross-Code Change the this Code is the principal Energy Code:</p> <p><i>Where the Cross-Code Steering Group determines in relation to a Cross-Code Change the this Code is the principal Energy Code.</i></p>
SSE	Support	f) - positive	<ul style="list-style-type: none"> • Agree with the proposer that this modification is required to ensure the UNC is aligned with the wider codes landscape from 1 September 2021, when Retail Code Consolidation is due to take effect. • Believe that this modification should be implemented as soon as practicable in order to meet the date of Retail Code Consolidation. • SSE have not reviewed the legal text.
Wales & West Utilities	Support	f) - positive	<ul style="list-style-type: none"> • Support this modification as it supports Retail Code Consolidation and amends the UNC to accommodate and support these developments. It therefore furthers relevant objective (f) Promotion of efficiency in the implementation and administration of the Code. • Highlights this modification should be implemented on 1st September 2021.

Please note that late submitted representations will not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

11 Panel Discussions

Discussion

Consideration of the Relevant Objectives

Determinations

12 Recommendations

Panel Recommendation

Panel Members recommended:

- that Modification 0768 should [not] be implemented