

UNC Modification	At what stage is this document in the process?
<h1>UNC 0855:</h1> <h2>Settlement Adjustments for Supply Meter Points impacted by the Central Switching System P1 Incident</h2>	
<p>Purpose of Modification:</p> <p>This Modification seeks to address any settlement discrepancies arising from the Central Switching System (CSS) Priority 1 (P1) incident by creating a suitable resolution framework.</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 17 August 2023. 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>None: National Grid NTS, Distribution Network Operators and Independent Gas Transporters</p>	
<p>Impacted Codes:</p> <p>UNC and IGT UNC: This Modification is being raised to specifically address the Settlement issues arising from the P1 Incident on CSS.</p> <p>REC. This Modification is required following a P1 Incident within the REC. REC will need to assess any impacts to their Code.</p>	

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Modification timetable:	
Pre-Modification Discussed	26 January 2023
Date Modification Raised	10 August 2023
New Modification to be considered by Panel	17 August 2023
First Workgroup Meeting	24 August 2023
Workgroup Report to be presented to Panel	21 September 2023
Draft Modification Report issued for consultation	22 September 2023
Consultation Close-out for representations	13 October 2023
Final Modification Report available for Panel (<i>at short notice to be requested</i>)	16 October 2023
Modification Panel consideration	19 October 2023

 Any questions?

Contact:
Joint Office of Gas Transporters

 enquiries@gasgovernance.co.uk

 0121 288 2107

Proposer:
Steve Mulinganie - SEFE

 Steve.Mulinganie@sefe-energy.com

 +44 (0) 799 0972 568

Transporter:
Cadent

 gurvinder.dosanjh@cadentgas.com

 07773 151572

Systems Provider:
Xoserve

 UKLink@xoserve.com

Other:
David Addison

 david.addison@xoserve.com

 0121 229 2138

1 Summary

What

1. On 6th July 2023 a Priority 1 incident was declared by the Switching Service Operator on the Central Switching Service (CSS) when a large number of Registrations (c.193,000) did not successfully progress to a state where they would become Active Registrations by the original Supply Effective From Date within CSS. As a result, CSS did not issue the Secured Active Notifications required under the Retail Energy Code to the Gas Retail Data Agent. These Secured Active Notifications are termed 'Definitive Registration Notifications' under the Uniform Network Code when received by the CDSP. As the CDSP has not received these notifications from CSS in advance of the Registration Effective Date, the CDSP is unable to record the Nominated Shipper as the Relevant User of the Supply Point in accordance with UNC TPD Section G 5.2.4 b) – i.e. by 05:00 on the Registration Effective Date. Different Shippers and Suppliers managed the response to the CSS P1 Incident in different ways. The following resolution paths are considered to have impacted Settlement, so are within the scope of this Modification:
 - a. cancellation of Registrations that had passed (or were about to reach) their Supply Effective From Date in CSS, and resubmission for a subsequent Supply Effective From Date – meaning that the **Original Intended Supply Start Date** was not achieved; or
 - b. waiting for the Switching Operator to issue retrospective Secured Active Notifications – leading to a discrepancy between the UKL Registration Effective from Date and the Supply Effective From Date in CSS (**CSS Registration Effective from Date**).
2. This will cause a gap between the Registration Date in UK Link and the CSS. This will mean that there is an issue where Settlement (which is generated from UK Link systems) will not be attributed to the relevant Shipper that is recorded in the CSS, the system that should master Registrations.
3. This Modification includes a retrospective but finite component recognising that this Modification is raised to address Settlement issues arising from this specific incident on the CSS.
4. For Gas this issue is expected to impact in excess of 80,000 gas Registrations. Due to the period for CSS resolution and the nature of the Supply Meter Points impacted, the aggregate adjustment value, where relevant, is expected to be material.
5. This Modification proposes that in the event that the Central Data Service Provider (CDSP) becomes aware that Registration details in the UK Link system are not aligned to Central Switching Service (CSS) or as the Original Intended Supply Effective From Date is not recorded in CSS, the Shipper recorded in CSS will be responsible for the Supply Meter Point for the purposes of invoicing, despite not being recorded as such within the Supply Point Register. Where relevant the Modification addresses the disconnect between CSS and UK Link by enabling the CDSP to process an adjustment for the period between the CSS Registration Effective From Date (or the Original Intended Supply Effective From Date) until the Registration is effective in UK Link systems (i.e. the Effective Registration Date) so the relevant energy **and transportation charges** for the period of misalignment is correctly allocated to the relevant Shipper.
6. To assist in the Settlement processes this Modification also proposes that the CDSP, where a Meter Reading is not already present, adds a valid Meter Reading on the CSS Registration Effective Date (or the Original Intended Supply Effective From Date), and sets out which User may replace such a Meter Reading, and the timescales within which they may do so in order to affect Settlement.

Why

7. This Modification is intended to address Settlement discrepancies caused by an issue in the CSS that resulted in circa 80,000 Gas Registrations not progressing in accordance with the Retail Energy Code, leading to a difference between the Original Intended Supply Effective From Date in the Retail Energy Code and the Registration Effective Date recorded in UK Link systems.

How

8. This Modification proposes transitional changes to the UNC to address Settlement discrepancies caused by the CSS P1 Incident. This Modification proposes that:
- The CDSP undertakes, where material, an adjustment to correct the disconnect between CSS and UKLink
 - There is clarity in the UNC as to which party is responsible for Settlement in the event that CSS and the UK Link system are misaligned; and
 - The CDSP may load a Meter Reading on the CSS Registration Date (or the Original Intended Supply Effective From Date), which User may replace such Meter Reading and the purpose for which this Meter Reading is loaded; and
 - There is clarity about the circumstances that the CDSP shall generate and issue invoice adjustments
 - There is the ability for Losing and Gaining Shippers to opt out of Settlement adjustment.

2 Governance

Justification for Authority Direction

- This Modification has a material impact and is retrospective in nature. Therefore, it requires Authority direction.
- The CSS P1 Incident affects c. 80,000 Gas Supply Meter Points with a total Annual Quantity of 1.25TWh and the period of Settlement Adjustment is likely to be up to 30 calendar days. This issue has had a material commercial impact on industry parties and also on consumers as a consequence.
- This Modification includes a limited, targeted, and finite Retrospective component. Ofgem Guidance states that this may be considered where “a situation where the fault or error giving rise to additional costs or losses was directly attributable to central arrangements” – in this instance the CSS.
- The value of the adjustments has yet to be defined as the CDSP do not formally know the impacted Supply Meter Points, as some of the failed Registrations have yet to occur and this will be subject to a reconciliation by the Switching Operator. As part of UNC Modification 0836S the CDSP provided the following table that showed the potential commercial impacts of the Settlement Adjustments. Whilst no Supply Meter Points with the VLDMC AQ shown have been impacted by this issue there have been a number of Supply Meter Points at or around 10 GWh – which could equate to a daily gas allocation of circa £1.5-5k per day.

This uncertainty could be visible to consumers:

	Typical Domestic Property	Average sized Industrial/ Commercial Property	Very large Daily Metered site
Assumed AQ (kWh)	16,258	564,000	139,500,00
Peak Day Consumption (SOQ – kWh)	149	3,528	687,032
Typical Transportation Charges per Day	£0.70	£7.35	£535.85
Average gas allocation per day kWh/cost	45 kWh £1.76	1,545 kWh £60	382,252 kWh £14,907
Peak day gas allocation per day kWh/cost (i.e. worst case scenario)	149 kWh £11.18	3,528 kWh £265	687,032 kWh £51,527

- Switch not processed – old Shipper continues to be billed, new Shipper not billed

Requested Next Steps

This Modification should:

- be considered a material change and not subject to Self-Governance.
- be assessed by a Workgroup.

It is proposed that this Modification progress to Workgroup, but that this is concluded within one month (but may include more than one Workgroup) so that Shippers have an opportunity to support development of the Modification.

3 Why Change?

1. This Modification proposes implementing the framework to enable Settlement Adjustments caused as a result of the Central Switching Service (CSS) Priority 1 (P1) Incident which has led to the disconnect between the Supply Effective From Date (or the Original Intended Supply Effective From Date) in CSS and the Registration Effective Date in UK Link systems for circa 80,000 Registrations.
2. This Modification includes a retrospective but finite component recognising that this Modification is raised to address Settlement issues arising from the specific incident on the CSS referenced above.
3. This disjoint will mean that there is an issue where Settlement (which is generated from UK Link systems) will not be attributed to the relevant Shipper that is recorded from the Supply Effective From Date in CSS .
4. Due to the period for resolution and the nature of the Supply Meter Points impacted the adjustment value is expected to be material.
5. This issue has created a set of complex challenges to industry participants. A number of options are being contemplated by industry parties to reduce the impact to their consumers and on their systems and processes. Users may elect a number of resolution paths therefore we need to ensure that this Modification caters for these diverse resolutions.

The following paths are understood and catered for in this Modification:

a. Switching Operator Issue of Retrospective Secured Active Notifications: The Switching Operator ~~has progressed~~ ~~are progressing an~~ option (referred to as option 2) where they ~~have will~~ issued the Secured Active Notifications for the original Supply Effective From Date from 2nd August 2023. These notifications could be up to 27 days later than they should have been issued. ~~These instances where the CDSP have notified the CDSP that the Registration is Active within CSS and that could meet a. Definitive Registration Modification and failed to do so.~~ We understand that DCC are seeking a derogation from REC PAB in order to do so. **These Supply Meter Points are included within this Modification.**

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a.b. Supplier Proactive Cancellation of Registrations and Registration resubmission for a Future Effective Date. Some Suppliers 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 CSS. **These Supply Meter Points are intended to be included within the scope of this Modification** as the CSS P1 Incident means that there may be a disjoint between the Original *Intended* Supply Effective From Date and the Registration Effective Date in UK Link systems.

The Central Switching Service has been unable to identify the number of Registrations that have been impacted that have a future Supply Effective From Date, but at 24th July 2023 the CDSP have estimated that a further 2k Registrations will be impacted unless Suppliers proactively cancel the Registration and resubmit for a prospective date. The CDSP have sought to identify future dated Registrations that are impacted so that Shippers can proactively manage these Registrations – CDSP estimates that approximately 1k Registrations have been cancelled and resubmitted as a result of this. These Supply Meter Points will be **excluded** from the Modification as the Original Supply Effective From Date in CSS and the Registration Effective Date in UK Link are aligned. This Modification will only consider Supply Meter Points where these two dates are misaligned – as this is where a Settlement discrepancy will have arisen.

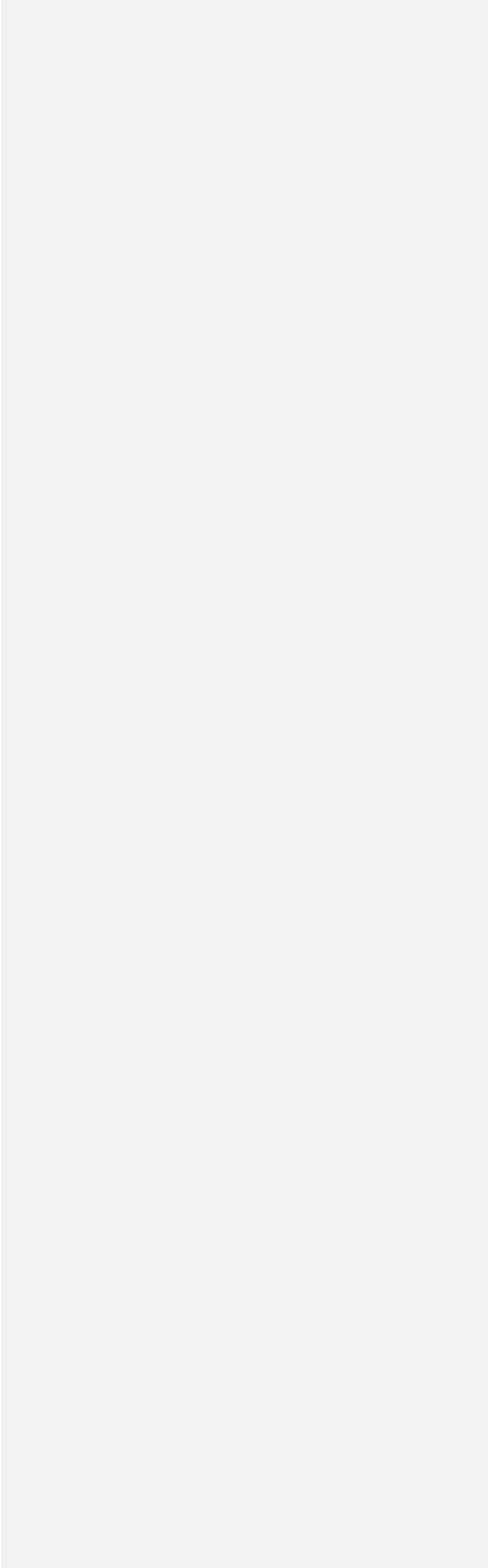
6. This incident will result in a difference between the original intended Supply Effective From Date in the Retail Energy Code and the Registration Effective Date in the Uniform Network Code. This issue will lead to Settlement discrepancies that this Modification seeks to address. This necessitates a retrospective element albeit associated with a tightly defined population of impacted Supply Meter Points
7. Different industry parties will have impact assessed this incident differently and consequently may have resolved the situation differently, the known resolutions are detailed above but this Modification will consider Supply Meter Points in scope where the Original Intended Supply Effective From Date and the Registration Effective Date in the Uniform Network Code differ.
8. This Modification proposes that in order to qualify as a candidate Supply Meter Point for Settlement Adjustment the Supply Meter Point must have been:
 - a. Defined as an impacted Supply Meter Point by the Switching Operator – i.e. the Secured Active Notification failed to be issued by the Switching Operator by the Original Intended Supply Effective From Date or
 - b. Included in the CDSP assessment of impacted Supply Meter Points – and the Original Intended Supply Effective From Date did not align to the UK Link Registration Effective Date

9. In accordance with 5b tthe 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 (as per Rule 5b above). To support this process the CDSP will identify the candidate Supply Meter Points that it considers could meet the criteria – i.e. original Registration for that Supply Meter Point was cancelled and was resubmitted for a later Registration Effective Date for the same Shipper. The incoming Shipper must confirm those within the CDSP notice apply, and any additional Registrations that

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4 Code Specific Matters

Reference Documents

REC Schedule 23 – Registration Services defines the normal progression of a CSS Registration.

Knowledge/Skills

No specific knowledge or skills are expected to be required.

5 Solution

The following transitional components are expected to be considered for the period of the CSS P1 Incident reference INC0216074.

BR1. The CSS P1 Incident scope will be considered as being from the period of 7th July 2023 (being the earliest Original Intended Supply Effective From Date impacted by the incident on 6th July 2023) until all impacted Supply Meter Points have been identified and the Registrations effected in the UK Link system

which resolved by

Switching Operator Issue of Retrospective Secured Active Notifications, which 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.

Supplier Provision Cancellation and Re-registration and Registration re-activation for a Future Effective Date.

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BR2. In these circumstances the CSS Recorded Shipper (i.e. a Shipper who is recorded on the Central Switching Service as the registered Shipper, but as a result of the CSS P1 Incident is not recorded as the Registered User (i.e. Portfolio Shipper) in the UK Link system)) will be responsible for the Transportation invoicing.

BR2 Note 1: This Modification seeks to clarify the responsibility for the Supply Point where, as a result of the CSS P1 Incident that CSS and UK Link systems are misaligned, or the Original Intended Supply Effective From Date was not achieved. This is intended to be an exceptional event – specific to the CSS P1 Incident.

BR3. Where a Meter Reading does not already 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. This is referred to as the **CSS Registration Effective Date Meter Reading** but will also include the Original Intended Supply Effective From Date). Such Meter Reading will be notified to both the Registered User (i.e. the Portfolio Shipper) and the CSS Recorded Shipper. This will enable Users to continue to use this Meter Reading as if the CSS and UK Link systems were aligned. Only the User who is recorded on UK Link systems (i.e. the party that will become the Outgoing User when UK Link systems are updated with the Supply Point Registration) will be able to replace this, as opposed to the incoming User. When the CDSP notifies the incoming and outgoing Shippers of the Meter Reading, they shall also notify the counterparty Supplier and Shipper – i.e. they will notify the incoming Shipper of both the outgoing Supplier and Shipper, and the outgoing Shipper of the incoming Supplier and Shipper. The CDSP will also issue the 'P1 Incident Manager' contact details for the relevant Shippers within this notification – where this has been provided to the CDSP for this purpose.

BR3 Note 1: It is expected that both Shippers will cooperate with one another and ensure that any alternative Meter Reading that is agreed upon, must be replaced by the User able to do so.

BR3 Note 2: The CDSP will notify the outgoing and incoming Shipper of the Meter Reading on **CSS Registration Effective Date**, whether the Meter Reading is estimated by the CDSP or is already present in the UK Link system.

BR4. The methodology for Meter Reading estimation 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 5.4.2 for Classes 1 and 2, and for 3 and 4, respectively.

BR4 Note 1: It is not expected that Meter Readings will be required for Class 1 and 2 Supply Meter Points as it would be expected that other daily read processes would have already inserted a Meter Reading, but the ability to insert such Readings should not be prevented if required.

BR4 Note 2: For Class 3 and 4 Supply Meter Points (i.e. use the NDM Supply Meter Point Demand in accordance with TPD M5.4.2, and for the avoidance of doubt if there is a later Meter Reading than the CSS Registration Effective Date Meter Reading, then the consumption will be profiled using this methodology between the Meter Readings preceding and following the CSS Effective Date).

BR5. The CDSP will ~~assess the materiality of the~~calculate the adjustment required once the Registration has taken effect and the Opening Meter Reading and the CSS Registration Effective Date Meter Reading have been recorded in UK Link systems. ~~Where the energy value derived between the energy determined between the Readings on the CSS Registration Effective Date and UK Link Registration Effective Date is less than or equal to 1,200kWh then the adjustment shall not be undertaken.~~

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BR5 Note: This Modification proposes that the CDSP shall perform the adjustment as a one-off activity assessment against the

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~~Materiality Test defined in REC Schedule 30, paragraph 9.4(b)'. For the avoidance of doubt, this is not intended to include a consumer test whether they are willing to accept 'an accommodation' – which is also included in the above paragraph in the REC. This will mean that where the energy value derived between the energy determined between the Readings on the CSS Registration Effective Date and UK Link Registration Effective Date is less than or equal to the value defined in the REC Schedule (currently 1,200kWh or less) then the adjustment shall not be undertaken, nor shall any future adjustment be made for this reason for the period for this Supply Meter Point.~~

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BR6 (TBC). 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.

BR6 Note 1: This is proposed as a number of the Registrations impacted are understood to be 'internal' Registrations as a result of portfolio re-alignment within company group operations.

BR7. The CDSP will perform the Materiality Test adjustment calculation, no earlier than ~~the end of the day~~ 28 days following issue of the CSS Effective Date Meter Reading to both Shippers, or the implementation Date of the Modification, whichever is the later.

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BR8. Adjustments will be issued to the relevant Shipper Users within M+2 of the adjustment being identified

BR8 Note: For the avoidance of doubt Meter Readings may be replaced following the Materiality Test adjustment calculation, being conducted, but any such Replacement Readings will not be factored into the Materiality Test adjustment calculation, nor amend the result of a previous Materiality Test, nor amend any Adjustment undertaken for this reason.

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BR9. The incoming Shipper must warrant which Supply Meter Points are valid instances of Supplier Provided Consumption of Registrations and Registrations submitted for a Future Effective Date. Where such Supply

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Meter Points are warranted by the incoming Shipper. These will be included in the adjustment processes and Meter Pointing shall be applied.

6 Impacts & Other Considerations

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

This Modification does not affect a current live SCR.

Consumer Impacts

This Modification should offer positive benefits to consumers that have been impacted by these Registrations. The Faster Switching SCR moved the responsibility for mastering Registration from the UK Link system to CSS. For these impacted consumers this may lead to confusion by Suppliers regarding responsibility for the Supply Point which may lead to issues with consumer billing. This Modification should provide certainty to industry parties sooner, so that they are able to communicate this to the consumer, thus reducing the impact to the consumer.

What is the current consumer experience and what would the new consumer experience be?

This Modification should enable the Shippers to get certainty regarding the Settlement impacts. As it currently stands there is no process for attributing the Adjustments to the Shipper recorded in CSS. This uncertainty is likely to lead to uncertainty between Suppliers and Shippers which will be communicated to consumers.

Impact of the change on Consumer Benefit Areas:

Area	Identified impact
<p>Improved safety and reliability</p> <p>Misalignment between Registration and Settlement could lead to a number of industry processes being adversely impacted.</p> <p>Further impacts could be identified should an emergency situation arise if the Shipper has been prevented from updating consumer contact details as they were not recorded as the Registered User.</p>	Positive
<p>Lower bills than would otherwise be the case</p> <p>Whilst uncertainty exists some consumers may be placed onto default tariffs. This Modification affords certainty to Suppliers that may be passed to consumers.</p>	None
<p>Reduced environmental damage None identified.</p>	None

<p>Improved quality of service</p> <p>This process should reduce the risk of protracted Settlement uncertainty as a result of the CSS P1 Incident. This should limit the risk to consumer billing – whilst not mitigating this entirely, it is still considered positive in relation to the consumer experience without the greater level of Settlement certainty that this Modification affords.</p>	Positive
<p>Benefits for society as a whole None identified.</p>	None

Cross-Code Impacts

Other impacted Codes are REC; REC Change Proposal R0067 has been raised to consider some of the issues defined in this Modification and some components of this Modification may need to be reflected in IGT UNC (depending on the solution).

EU Code Impacts

None identified.

Central Systems Impacts

Change Proposal, [XRN5535A - Processing of CSS Switch Requests Received in 'Time Period 5'](#) has been raised to consider the circumstances where the GRDA receives messages after 02:59:59. XRN5535A will include a new DSC Service Line where the CDSP is made aware that the Registration details in UK Link are not aligned to the Central Switching Service, that it shall initiate prospective Registration in UK Link. This relies on the UNCC acceptance of the CDSP using 'proxy Secured Active Notifications' which has been renewed in July 2023 following notification to the UNCC of this incident.

Change Proposal 5535B has been raised to assess the necessary operational and system costs for Modification 0836S and any changes to the DSC Service Lines. A ROM has been provided to the 0836S Workgroup to describe the impacts. The CDSP will need to conduct an assessment of the scalability of the solution once the final scale of the impacted Registrations are known – and the scale of Adjustments required.

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 <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

This Modification furthers Relevant Objective f) as it allows the CDSP to undertake Settlement Adjustments as required therefore this further promotes the efficiency of industry processes.

8 Implementation

No specific Modification implementation date is specified, however, given the potential material Settlement implications leading to uncertainty for consumer billing, it is requested that this implementation date is as soon as reasonably practicable.

9 Legal Text

Legal text will be drawn up by the relevant Transporter at a time when the Modification is sufficiently developed in line with the Legal Text Guidance Document.

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.