

Modification proposal:	<b>Uniform Network Code (UNC) 0804: Consequential UNC changes for Switching SCR (REC 3.0) (UNC 0804)</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:	17 May 2022	Implementation date:	CSS Go-Live Date <sup>3</sup>

## Background

We 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.<sup>4</sup> 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. The Switching SCR will bring about significant changes to the Retail Energy Code (REC) as part of the Switching Programme, introducing REC version 3.0. This will support the introduction of faster and more reliable switching through a new Centralised Switching Service (CSS).

These changes to the REC require consequential changes to be made to a number of affected codes, including the UNC, to reflect the new arrangements. Our update<sup>5</sup> published on

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<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> CSS Go-Live Date, as defined by the Retail Energy Code, means the time and date designated as such by the Authority. The CSS Go-Live Date is currently expected to be, and will not be earlier than, 18 July 2022.

<sup>4</sup> Link [here](#) to the Switching SCR launch statement on the Ofgem website.

<sup>5</sup> Link [here](#) to the update

31 January 2022 set out the proposed processes and timelines for this suite of industry code modification proposals required for REC v3, including this modification to the UNC.<sup>6</sup>

We initiated the REC code modification proposal process on 7 April 2022, which will allow for the efficient and timely implementation of REC version 3.0 by the CSS Go-Live Date. We raised modification proposal MP0804 in respect of the UNC on 7 February 2022, and resubmitted a slightly revised version on 9 February 2022 which corrected some terminology and provided additional explanations for clarity. We raised the modification proposal in order to reflect the new arrangements brought about by REC version 3.0 in the UNC, with a proposed implementation date of the CSS Go-Live Date. The CSS Go-Live Date will be confirmed by Ofgem at a later date, but is currently expected to be 18 July 2022.

## **The modification proposal**

On 9 February 2022, UNC modification proposal UNC 0804 (the Proposal) was raised by Ofgem as a Significant Code Review Modification Proposal under the Switching SCR and pursuant to paragraph 6.1.1(f)(ii) of the Uniform Network Code Modification Rules (the Code Modification Rules).<sup>7</sup> We also issued a direction under paragraph 12.5.2 of the Modification Rules of the UNC, which set out the timetable for the relevant party (in this case, all Transporters<sup>8</sup>) to progress the proposal.

The proposal aims to make the changes that are necessary to a number of sections of the UNC as part of the Switching SCR, that would ensure that the UNC implement the End-to-End Business Process Design developed by the Switching Programme and specifically to align the UNC with REC version 3.0 from the Go-Live for CSS, which is also the REC version 3.0 effective date. The implementation date for the proposal must be flexible and tied to the Go-Live date. Ofgem will determine and designate the exact date of CSS Go-Live in due course.

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<sup>6</sup> The terms “the Authority”, “we” and “us” are used interchangeably in this document.

<sup>7</sup> Further details about UNC 0804 can be found on the Joint Office of Gas Transporters website, [here](#).

<sup>8</sup> As defined at paragraph 2.1.1 of General Terms Section B of the Uniform Network Code, link [here](#)

## UNC Panel<sup>9</sup> recommendation

At the UNC Panel meeting on 21 April 2022, the UNC Panel unanimously considered that UNC 0804 would better facilitate the UNC Relevant Objectives and the Panel therefore recommended its approval.

## Our decision

We have considered the issues raised by the Proposal and the Final Modification Report (FMR) dated 21 April 2022. We have considered and taken into account the responses to the industry consultation on the modification proposal which are attached to the FMR and the views and votes of the UNC Panel, as well as the wider aims of the Switching SCR.<sup>10</sup> We have decided that:

- implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the UNC;<sup>11</sup> and
- directing that the modification be made is consistent with our principal objective and statutory duties.<sup>12</sup>

## Reasons for our decision

We consider this Proposal will better facilitate UNC Relevant Objectives (d) and (f), and is neutral in respect of the other UNC Relevant Objectives.

***(d) so far as is consistent with sub-paragraphs (a) to (c) the 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***

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<sup>9</sup> The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules.

<sup>10</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>11</sup> As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, available at: <https://epr.ofgem.gov.uk/Content/Documents/Standard%20Special%20Condition%20-%20PART%20A%20Consolidated%20-%20Current%20Version.pdf>

<sup>12</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.

We consider that UNC 0804 as a consequential UNC change supports the delivery of faster, more reliable switching and therefore promotes effective supply competition. As such, we consider it to better facilitate UNC Relevant Objective (d).

***(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***

We agree that this 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.

### **Decision notice**

Pursuant to and in accordance with Standard Special Condition A11 of the Gas Transporters licence and paragraph 9.3.5(b) of the Code Modification Rules, the Authority hereby: (1) approves modification proposal UNC 0804: 'Consequential UNC changes for Switching SCR (REC 3.0)' (Modification UNC 0804) for implementation, and (2) directs that Modification UNC 0804 be made.

Pursuant to paragraphs 9.7.1 and 12.5.2 of the Code Modification Rules, the Authority hereby directs the Code Administrator<sup>13</sup> and all Transporters<sup>14</sup> to implement modification UNC 0804 such that it takes effect on the date that version 3.0 of the REC comes into effect, which is also the CSS Go-Live Date as defined in the REC. This date will be determined and designated by Ofgem at a later date, and is currently expected to be 18 July 2022.

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<sup>13</sup> As defined in the Code Modification Rules

<sup>14</sup> As defined at paragraph 2.1.1 of General Terms Section B of the Uniform Network Code, link [here](#)

We expect this to be the last decision in respect of the UNC under the Switching SCR. However, if circumstances change before the end of the Switching SCR, which necessitate further Authority-led modification proposals in respect of the UNC, we will consult further. In due course, we will confirm when we have made our decision on the final Authority-led modification proposal under the Switching SCR and, accordingly, when the Switching SCR as a whole has ended.



**Nicola Garland**

**Head of Delivery, Switching Programme**

Signed on behalf of the Authority and authorised for that purpose