

Draft Modification Report	At what stage is this document in the process?
<h1>IGT156:</h1> <h2>Retail Code Consolidation SCR</h2>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="border: 1px solid green; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;">01 Modification</div> <div style="border: 1px solid blue; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;">02 Workgroup Report</div> <div style="border: 1px solid purple; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;">03 Draft Modification Report</div> <div style="border: 1px solid orange; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;">04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>This Modification is required to ensure the IGT UNC is aligned with the wider codes landscape from Retail Code Consolidation, which is due to take effect on 1 September 2021. This Modification will ensure the IGT UNC reflects:</p> <ul style="list-style-type: none"> • The introduction of improved cross-code change governance arrangements; and • The approach to a number of matters being implemented in REC v2. 	
	<p>This Draft Modification Report is issued for consultation responses at the request of the Panel. All parties are invited to consider whether they wish to submit views regarding this self-governance modification.</p> <p>The close-out date for responses is 15th June 2021, which should be sent to IGTUNC@Gemserv.com. A response template, which you may wish to use, is at the IGT UNC website.</p> <p>The Panel will consider the responses and agree whether or not this self-governance modification should be made.</p>
	<p>High Impact: None identified</p>
	<p>Medium Impact: Independent Gas Transporters (IGTs), Shippers, Suppliers, IGTs as Metering Agents</p>
	<p>Low Impact: None identified</p>

Contents

1 Summary	3
2 Governance	3
3 Why Change?	4
4 Code Specific Matters	6
5 Solution	6
6 Impacts & Other Considerations	6
7 Relevant Objectives	9
8 Implementation	10
9 Legal Text	11
10 Recommendations	11

Timetable

Modification timetable:

Initial consideration by Workgroup	N/A
Workgroup Report presented to Panel	28 th May 2021
Draft Modification Report issued for consultation	28 th May 2021
Consultation Close-out for representations	15 th June 2021
Variation Request presented to Panel	N/A
Final Modification Report available for Panel	18 th June 2021
Modification Panel decision	25 th June 2021

Any questions?

Contact:
Code Administrator

iGTUNC@Gemserv.com

02070901044

Proposer:
Rachel Clark, Ofgem

switching.programme@ofgem.gov.uk

020 7901 3901

Other:
N/A

N/A

N/A

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 IGT UNC is aligned with the wider codes landscape from 1 September 2021, when Retail Code Consolidation is due to take effect and Retail Energy Code v2 is scheduled to be designated.

This Modification will ensure:

- that the IGT UNC reflects the introduction of improved cross-code change governance arrangements; and
- that the approach to a number of matters being implemented in REC v2 marries with the governance of the IGT UNC.

How

The following parts of the IGT UNC will be amended as described in Section 9: Legal Text:

- Part D – Supply Meter Installation
- Part H - Appendix G-2 Portfolio Extract file format
- Part K – General
- Part L – Modification Rules
- Part M – Definitions
- Part N – CDSP and UK LINK.

2 Governance

Justification for SCR Procedures

This Modification is a Significant Code Review Modification Proposal which has been raised by the Authority. Part of the modification seeks to make a material amendment to the Modification Rules of the IGT UNC.

Given the timescales provided by Ofgem for the planned Retail Code Consolidation and the implementation of REC v2, this Modification Proposal is a material change and therefore not subject to self-governance, and given that this Modification is a Significant Code Review Modification Proposal, Authority Direction is required.

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 for 10 days to meet the provided timetable.
- as a Significant Code Review Modification Proposal, proceed as such, under the timetable directed by the Authority in the accompanying Direction to the IGT UNC Modification Panel and all IGT UNC Operators.

The Authority has directed certain elements of the timetable for this Modification, in accordance with Section L paragraph 31 of the IGT Uniform Network Code (UNC) Modification Rules, and as a Significant Code Review Modification Proposal, it should proceed as directed by the Authority and Section L paragraphs 31 and 32 of the IGT UNC Modification Rules.

This Modification should be issued to Consultation without workgroup assessment because much of the solution of the modification was developed with Parties in Review Group RG005 – IGT UNC Review of Impacts resulting from the Faster Switching Programme arrangements. It has also been through public consultation by Ofgem and discussion at the Regulatory Design User Group (RDUG) under Ofgem's Switching Programme. RDUG is open to Independent Gas Transporters, Shippers and other code impacted parties to attend and participate.

3 Why Change?

This Modification is required to ensure the IGT 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 Part L Modification Rules of the IGT 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 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 crosscode 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, and one or more consequential 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 IGT UNC will embed the required processes to ensure that IGT UNC Parties can benefit from improved cross code change.

Reflecting the closure of SPAA and transition to REC

The SPAA will close at Retail Code Consolidation and the vast majority of the provisions will transition to the REC. The IGT UNC currently has cross-references or other dependencies on provisions in the SPAA, which need to be updated to reflect the broader changes in the codes landscape at Retail Code Consolidation.

4 Code Specific Matters

Technical Skillsets

A knowledge of the Faster Switching and Retail Code Consolidation SCRs and the development of them through groups and consultation under the Faster Switching Programme would be advantageous.

Reference Documents

Open letter regarding the Significant Code Review modifications for Retail Code Consolidation:

https://www.ofgem.gov.uk/system/files/docs/2021/04/open_letter_-_retail_code_consolidation_significant_code_review.pdf

This letter sets out our way forward on Significant Code Review modifications for Retail Code Consolidation.

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

https://www.ofgem.gov.uk/system/files/docs/2021/05/retail_energy_code_v2.0_and_retail_code_consolidation_decision.pdf

See our decision on the Retail Energy Code v2.0 and Retail Code Consolidation Consultation, which closed on 23 February 2021.

5 Solution

Requirements

Retail Code Consolidation will consolidate the Supply Point Administration Agreement (SPAA), a gas retail governance code, into the Retail Energy Code (REC). This is currently scheduled for the 1st September 2021.

The implementation of REC v2 is scheduled to go live simultaneously in recognition and to support this event. It will become the vehicle for a number of elements of retail focussed gas governance as outlined in Ofgem's Decision on Retail Energy Code v2.0 and Retail Code Consolidation Consultation.

This Modification must therefore:

- (a) Remove all references to the SPAA
- (b) Ensure that all governance provided by SPAA and referenced in the IGT UNC is suitably referenced. This includes Review of Gas Metering Arrangements (RGMA) standards and documentation, the Metering Code of Practice (MCoP) and arrangements for the management of theft of gas.
- (c) Introduce a new cross-code change mechanism operated via the Cross Code Steering Group under the REC.

The drafting for points (a) and (b) has been the subject of Review Group RG005 – IGT UNC Review of Impacts resulting from the Faster Switching Programme arrangements within the work of Strand 3 from within that proposal. The Review Group identified the elements within the IGT UNC that would require amendment and this modification proposal seeks to implement into the IGT UNC, the identified Code changes and legal drafting provided to Ofgem and subsequently published by them.

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 consultation. Point (c) above, was not

addressed in the original review group and is additional requirement identified and consulted on by Ofgem.

Ofgem's decision is copied below for ease of reference:

Design of the cross-code decision making process

3.14 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.

3.15 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.

3.16 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.

3.17 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. 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.

3.18 We have provided generic base text to the code bodies, and will submit the legal drafting to embed the cross-code change process in each code as part of the Authority-led 29 Decision – Decision on Retail Energy Code v2.0 and Retail Code Consolidation Retail Energy Code v2.0 and Retail Code Consolidation SCR modification proposals that will be submitted between 30 April 2021 and 21 May 2021, as per our open letter on the Retail Code Consolidation SCR.

The generic base text, as referenced in 3.18 above, has been used to draft the legal text, in line with the solution outlined by Ofgem.

The Modification is required to:

- Ensure that the IGT UNC participates in the Cross Code Steering Group.
- Incorporate the requirements of the modification process when the IGT UNC is to be the ‘leading’ Code.
- Incorporate the requirements of the modification process when the IGT UNC is not the ‘leading’ code but is a Code for which there are consequential changes.
- Allow the Code Administrator or REC Code Manager to raise a modification for reasons identified in the CCSG.
- Incorporate, in respect of REC Metadata, how cross-code impacting modifications to the Metadata should proceed.

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 the wider context of the Retail Code Consolidation SCR and is being introduced by the Authority.

Consumer Impacts

What is the current consumer experience?

This Modification Proposal will have no direct impacts on the current consumer experience.

What would the new consumer experience be?

Not applicable

Impact of the change on Consumer Benefit Areas	
Area	Identified Impact
Improved safety and reliability	None
<p>Lower bills than would otherwise be the case</p> <p>The Authority anticipates that retail code consolidation will lead to lower costs for industry and therefore for consumers.</p>	Positive
Reduced environmental damage	None

<p>Improved quality of service</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>	Positive
<p>Benefits for society as a whole</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>	Positive

Cross-Code Impacts

The modification makes references across to the Retail Energy Code (REC) and directs that certain aspects of REC governance are adhered to within the IGT UNC. The modification also allows Retail Energy Code Company and Manager to make changes to the IGT UNC in relation to Cross Code Steering Group impact assessments. Similar SCR Modifications are being raised to the BSC, SEC, DCUSA and IGT UNC. The REC will be modified via the Switching Programme governance processes.

UNC	<input type="checkbox"/>
REC	X
Other	<input type="checkbox"/>
None	<input type="checkbox"/>

Environmental 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) Co-ordinated, efficient and economic operation of (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:	None

<ul style="list-style-type: none"> (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation agreements with other relevant gas transporters) and relevant shippers 	
(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 Cooperation of Energy Regulators	None

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

The modification will ensure that the energy code landscape is completely aligned in respect of changes being implemented with REC v2.

The modification will also introduce improved cross-code change review and management, particularly ensuring aligned timelines for cross-code changes.

Both elements will improve the efficient administration of the Code and the wider energy market. Code.

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.

The implementation will not marry with a standard IGT UNC Code Release date.

9 Legal Text

Legal Text has been provided by the Code Administrator. 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

IGT UNC RCC Legal Text

The legal text seeks to remove any references to the Supply Point Administration Code (SPAA) which is one of the Codes that is being consolidated into the REC.

It also ensures that data can continue to be provided to the Theft Risk Assessment Service where it is appointed pursuant to the REC Company.

Part L Modification Rules has been amended to acknowledge that additional parties can raise modifications in the context of the CCSG.

Some definitions have been added or amended in Part M Definitions and Part N – CDSP and UK LINK.

Metering Legal Text

The IGT UNC has references to metering in the context of the IGTs being a meter provider of 'last resort'.

Part D Supply Meter Installation has been amended to ensure that metering service providers (including the IGT's where they provide such services) are required to adhere to the REC in a non-specified way.

IGT UNC CCSG Legal Text

A new clause 33 'Cross Code Implications and the Cross Code Steering Group (CCSG) Considerations' has been added to Part L Modification Rules. The new clause states what is required:

- Of Panel to ensure that the IGT UNC participates in the Cross Code Steering Group.
- Of the modification process when the IGT UNC is to be the 'leading' Code.
- Of the modification process when the IGT UNC is not the 'leading' code but is a Code for which there are consequential changes.
- For the Code Administrator or REC Code Manager to raise a modification for reasons identified in the CCSG.
- Of Panel in respect of REC Metadata and how cross-code impacting modifications to the Metadata should proceed.

Legal Text

[IGT UNC RCC Legal Text](#)

[Metering Legal Text](#)

[IGT UNC CCSG Legal Text](#)

10 Recommendations

Panel's Recommendation to Interested Parties

The Panel have recommended that this report is issued to consultation and all parties should consider whether they wish to submit views regarding this self-governance modification.