

Modification proposal:	Independent Gas Transporter Uniform Network Code (IGT UNC): Retail Code Consolidation SCR (IGT 156)		
Decision:	The Authority ¹ directs ² that this modification be made		
Target audience:	IGT UNC Panel, Parties to the IGT UNC and other interested parties		
Date of publication:	9 July 2021	Implementation date:	Retail Code Consolidation ³

Background

The energy code landscape is complex and fragmented, making it difficult for market participants to understand and navigate code change processes. Code consolidation will help simplify and make it easier for them to understand their responsibilities and comply with their obligations. The creation of the Retail Energy Code (REC) as a dual fuel retail code will support the introduction of faster and more reliable switching through a centralised switching service. It will also help with efficient management and delivery of code change, supporting innovation, lowering costs and achieving better outcomes for consumers.

In November 2019, we launched the Retail Code Consolidation Significant Code Review (RCC SCR).⁴ Our RCC SCR has the objective of rationalising retail energy codes by closing down the electricity Master Registration Agreement (MRA) and gas Supply Point Administration Agreement (SPAA) and consolidating their requirements into the REC or another appropriate industry code. The REC will also bring together a number of other codes and codes of practice for metering and Green Deal provisions, facilitated by the making of consequential changes to other codes. The RCC SCR also looks to better facilitate cross-code change through the introduction of a Cross Code Steering Group under the REC.

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 Retail Code Consolidation is the date to be designated by the Authority. The date of Retail Code Consolidation is currently expected to be, and will not be earlier than, 1 September 2021.

⁴ The [RCC SCR launch statement](#) is on the Ofgem website.

The REC is being developed in phases. Since the designation of Version 1.0 of the REC in February 2019 and our launch statement in November 2019, the REC has been revised to make changes needed to facilitate energy theft consolidation.⁵ Version 2.0 of the REC (REC v2.0) will take a significant step forward in code consolidation and will be implemented through Ofgem's Switching Programme governance, in accordance with Version 1.1 of the REC. We intend for REC v2.0 to take effect on the date of Retail Code Consolidation (RCC). RCC is the date to be designated by the Authority. The date of RCC is currently expected to be, and will not be earlier than, 1 September 2021.⁶

The modification proposal

On 21 May 2021, IGT UNC modification proposal IGT 156 (the proposal) was raised by Ofgem as a Significant Code Review Authority Modification Proposal under the RCC SCR and pursuant to Clause L10.1.3(b) of the Independent Gas Transporter Uniform Network Code (IGT UNC).⁷ We also issued a direction pursuant to Clause L31 of the IGT UNC, which set out the timetable for the relevant party (in this case, all IGT UNC Operators and Relevant IGT UNC Operators⁸) to progress the proposal.⁹

The proposal aims to make the changes that are necessary, as part of the RCC SCR, to the IGT UNC to implement improved cross-code change arrangements, eg to introduce the Cross Code Steering Group and its associated mechanism for progressing cross-code changes, in order to align with the wider codes landscape when RCC occurs. The proposal sets out the concept of a Lead Code change and Consequential Changes for code changes affecting more than one energy code, allowing the panel for a Lead Code to refer decisions on a package of cross-code changes to the Authority in certain circumstances.

The proposal also makes other changes that reflect the closure of the SPAA (and the metering codes of practice associated with it) at RCC, with the transition of many provisions into the REC. These changes aim to ensure that current cross-references or dependencies between the

⁵ More information about [energy theft consolidation](#) is on the Ofgem website.

⁶ More detailed information about the underlying policy behind Retail Code Consolidation and our decisions on taking it forward are in our [Decision on REC v2.0](#) (30 April 2021). We have also published an [open letter regarding the SCR modifications for Retail Code Consolidation](#) (30 April 2021) setting out our approach to taking these changes forward.

⁷ Significant Code Review Modification Proposal is defined in Part L (Modification Rules) of the [IGT UNC](#).

⁸ Both IGT UNC Operators and Relevant IGT UNC Operator are defined in Part L (Modification Rules) of the [IGT UNC](#).

⁹ Details about the [Authority direction and IGT 156](#) can be found on the IGT UNC website.

IGT UNC and SPAA are appropriately re-referenced to the REC when the REC goes live, eg the Review of Gas Metering Arrangements (RGMA) standards and documentation.

The Authority, as proposer, considered that the proposal would better facilitate IGT UNC Relevant Objective (f) and is neutral in respect of the other IGT UNC Relevant Objectives. It is intended to improve cross-code change processes and alignment of timelines for cross-code changes that will improve efficient administration of the UNC and across the wider energy market. The re-referencing of IGT UNC provisions so they refer to the REC instead of the SPAA which is closing down will also ensure efficiency in how the IGT UNC is administered.

IGT UNC Panel¹⁰ recommendation

At the IGT UNC Panel meeting on 25 June 2021, the IGT UNC Panel voted on the proposal (three votes cast by one Pipeline User and one vote each by three Pipeline Operators).¹¹ The Panel unanimously agreed that IGT 156 would better facilitate the IGT UNC Relevant Objectives and therefore recommended its approval. The Panel considered that, in particular, the proposal would better facilitate UNC Relevant Objective (f) as it would deliver improved cross-code change governance by ensuring the alignment of timelines for cross-code changes.

The Panel noted qualified support from one consultation respondent for the proposal because of the respondent's concerns about particular clauses in the legal drafting and whether they re-referenced the REC appropriately. However, this respondent did not regard their concerns to be an impediment to approving the proposal.

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) received by us on 28 June 2021. We have considered and taken into account the responses to the industry consultation on the modification proposal which are attached to the

¹⁰ The IGT UNC Panel is established and constituted from time to time pursuant to and in accordance with the IGT UNC Modification Rules.

¹¹ Votes were cast at a reconvened IGT UNC Panel meeting later on the same day as the scheduled one, in accordance with the quoracy requirements for Panel meetings set out in Clause L6.10 of the IGT UNC.

FMR and the views and votes of the IGT UNC Panel, as well as the wider aims of the RCC SCR.¹² We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the Relevant Objectives of the IGT UNC;¹³ and
- directing that the modification be made is consistent with our principal objective and statutory duties.¹⁴

Reasons for our decision

For the reasons given below, we consider this modification proposal will better facilitate IGT UNC Relevant Objective (f) and is neutral in respect of the other IGT UNC Relevant Objectives.

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 referred to in paragraphs 2 and 5 respectively of this condition

We agree with Panel members and the parties that responded to the IGT 156 consultation that the proposal better facilitates this objective. It enables RCC to be reflected in the IGT UNC by introducing improved cross-code change governance arrangements. These take the form of the introduction of the Cross Code Steering Group processes and ensuring the alignment of the timing of cross-code changes through the use of Lead Code changes and Consequential Changes. This will, in our view, enable efficiency in the administration of the IGT UNC by allowing future changes to be delivered on a timely basis. The re-referencing of IGT UNC provisions that currently refer to the SPAA to refer instead to the REC will also ensure an efficient approach to administration of the IGT UNC in the future.

We note the concerns raised by one consultation respondent about the re-referencing of provisions previously in the SPAA relating to metering to the REC and their view that some of these re-references need further evaluation and may need to be addressed through further

¹² IGT UNC modification proposals, modification reports and representations can be viewed on the IGT UNC website at <http://www.igt-unc.co.uk/>

¹³ As set out in Standard Condition 9 Gas Transporters Licence, available at: <http://epr.ofgem.gov.uk>

¹⁴ 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.

IGT UNC modification. We note that the respondent did not regard their concerns as creating an impediment to progression of the proposal.

We have considered these comments. We recognise that, in general, the metering provisions in the REC have been developed relatively recently and have not been consulted upon to the same degree as other areas of the REC. In light of this, Ofgem has been clear that there is no intention to change the obligations on parties with regard to metering by virtue of RCC. We have reviewed the relevant references and the comments of the respondent, and we agree with the respondent that their concerns should not impact on progressing this proposal. We do not consider that the text as drafted should impact upon IGTs' obligations simply by virtue of RCC coming into effect, but, to the extent that this area of the text may need further consideration, we believe this can be addressed once Version 2.0 of the REC is in force, through either the REC or IGT UNC modification processes (as appropriate).

Directions and implementation

Pursuant to and in accordance with Standard Condition 9(12CC) of the Gas Transporter licence and Clause L32.2 of the IGT UNC, the Authority hereby: (1) approves and accepts modification proposal IGT 156 'Retail Code Consolidation SCR' (IGT 156) for implementation, and (2) directs that modification IGT 156 be made.

Pursuant to Clauses L31.1, L32.2 and L32.4 of the IGT UNC, the Authority hereby directs all IGT UNC Operators, Relevant IGT UNC Operators¹⁵ and the IGT UNC Modification Panel¹⁶ to implement modification IGT 156 so that it takes effect on Retail Code Consolidation. Retail Code Consolidation is the date to be designated by the Authority. The date of Retail Code Consolidation is currently expected to be 1 September 2021.

We expect this to be the last decision in respect of the IGT UNC under the RCC SCR. However, if circumstances change before the end of the RCC SCR, which necessitate further Authority-led modification proposals in respect of the IGT UNC, we will consult further. As set out in our open letter dated 30 April 2021, we submitted all Authority-led modification proposals in relation to the RCC SCR to the panels of all relevant industry codes within a specified time window to ensure that the submissions aligned so far as is possible with the dates on which

¹⁵ As both IGT UNC Operators and Relevant IGT UNC Operator are defined in Part L of the Code Modification Rules.

¹⁶ As defined in Part L (Modification Rules) of the [IGT UNC](#).

the relevant panels convened. This means that there is not a single date for Authority decisions on all of the Authority-led modification proposals under the RCC SCR. In due course, we will confirm when we have made our decision on the final Authority-led modification proposal under the RCC SCR and, accordingly, when the RCC SCR as a whole has ended.

Rachel Clark

Deputy Director, Switching Programme

Signed on behalf of the Authority and authorised for that purpose