





Draft Modification Report		At what stage is this document in the process?
<h1>IGT161:</h1> <h2>Consequential IGT UNC changes for Switching SCR (REC 3.0)</h2>		<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
Purpose of Modification: <p>Ofgem's Switching Significant Code Review (SCR) will introduce the new Central Switching Service (CSS) and version 3.0 of the Retail Energy Code (REC 3.0). This Significant Code Review Authority Modification Proposal is part of the Switching SCR and progresses necessary consequential changes to the IGT UNC to ensure alignment with REC v3.0 and facilitate the delivery of the CSS.</p>		
	<p>This Draft Modification Report (DMR) 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 SCR Modification.</p>	
	<p>The close-out date for responses is 5th May 2022, which should be sent to IGTUNC@Gemserv.com. A response template, which you may wish to use, can be found on the IGT UNC website.</p>	
	<p>The Panel will consider the responses and agree whether or not SCR Modification should be made.</p>	
	<p> High Impact: None</p>	
	<p>Medium Impact: None</p>	
	<p> Low Impact: Independent Gas Transporters (IGTs) & Shippers¹</p>	

¹ Impact anticipated to be low on IGTs and Shippers on the assumption that these parties are prepared for the CSS changes that this Modification will help facilitate.

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Any questions?

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Any questions?

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Timetable

Modification timetable:

Initial consideration by Panel	01 April 2022
Initial consideration by Workgroup	-
Amended Modification considered by Workgroup	-
Workgroup Report presented to Panel	-
Draft Modification Report issued for consultation	01 April 2022
Consultation Close-out for representations	5 th May 2022
Variation Request presented to Panel	-
Final Modification Report available for Panel	20 th May 2022
Modification Panel decision	27 th May 2022

1 Summary

What

Ofgem's Switching SCR is part of the wider [Ofgem Faster Switching Programme](#). The objective of this programme is to introduce switching arrangements that are fast, reliable and cost effective and which will improve the switching experience for gas and electricity consumers. As part of this programme a harmonised dual-fuel CSS will be introduced which will be supported by the implementation of REC version 3.0.

Consequential changes are required to the IGT UNC to:

- align the Code with REC version 3.0;
- facilitate CSS go live;
- facilitate the implementation of the End-to-End Business Process Design developed by the Switching Programme; and
- align the IGT UNC with consequential changes being made to the UNC by related SCR Modification [UNC0804 - Consequential UNC changes for Switching SCR \(REC 3.0\)](#).

Why

In order to successfully deliver Ofgem's Switching Programme, consequential changes must be made to the IGT UNC. These changes will ensure the Code is aligned with REC version 3.0, the UNC and necessary provisions are in place to enable CSS go live.

How

In the case of the IGT UNC, and in line with the Authority's SCR guidance, the Authority has worked with the IGT UNC Code Administrator and relevant stakeholders (including the UNC Code Administrator) to develop the consequential changes required for the Switching Programme.

The Authority's June 2019 consultation allowed industry parties the opportunity to view and comment on proposed changes to industry codes required for the Switching Programme, and these proposed change were then further discussed with relevant industry parties through Ofgem's Switching Programme Regulatory Design User Group (RDUG).²

The IGT UNC must align with REC version 3.0 from the go-live date for CSS, which is also the REC version 3.0 effective date. The Implementation Date for this Modification Proposal is to be tied to the CSS go-live date / REC version 3.0 effective date, as determined by Ofgem. Ofgem currently anticipates the CSS go-live date to be 18 July 2022. However, the Authority will decide the exact date nearer the time.

More information on the [Ofgem Switching Programme](#) can be found on the Ofgem website.

² Papers for the Switching Programme Regulatory Design User Group (RDUG) are available to industry stakeholders via the [Switching Programme Portal](#).

2 Governance

Justification for SCR Procedures

This Modification is a Significant Code Review Authority Modification Proposal which has been raised by the Authority. This Modification seeks to make material amendments to the IGT UNC and is therefore not subject to Self-Governance. As this Modification is an SCR Authority Modification Proposal, Authority Direction is required.

Requested Next Steps

This Modification should:

- be considered a material change and not subject to Self-Governance
- proceed to Consultation for a 4 week period
- as an SCR Authority 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

This Modification should be issued to Consultation without workgroup assessment as 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](#).

3 Why Change?

The Authority 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. 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. Key to the process is effective working with industry and other stakeholders, including consumer representatives.

Alongside the Switching SCR, Ofgem launched the Retail Code Consolidation (RCC) SCR in November 2019. The purpose of that SCR was to rationalise retail energy codes by closing down the electricity Master Registration Agreement (MRA), gas Supply Point Administration Agreement (SPAA), the Smart Meter Installation Code of Practice (SMICOP), and Green Deal Arrangements Agreement (GDAA), and consolidating many of the requirements from these codes into the new Retail Energy Code (REC) or transferring them to another industry code as appropriate.

With the coming into effect of REC version 2.0 in September 2021, together with the implementation of consequential changes to other industry codes and the close-down processes for the MRA and SPAA in progress, Ofgem closed the RCC SCR. Ofgem then continued to progress the Switching Programme and related Switching SCR.

This is an SCR Authority Modification Proposal raised by Ofgem to make required amendments to the IGT UNC to enable the successful delivery of Ofgem's Switching Programme, to ensure the IGT UNC is aligned with REC version 3.0 and necessary provisions are in place to enable CSS go live.

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

[IGT UNC](#)

[Switching Programme: Full Business Case | Ofgem](#)

[Authority direction letter](#)

5 Solution

Ofgem's Switching SCR is part of the wider [Ofgem Faster Switching Programme](#). The objective of this programme is to introduce switching arrangements that are fast, reliable and cost effective and which will improve the switching experience for gas and electricity consumers. As part of this programme a harmonised dual-fuel CSS will be introduced which will be supported by the implementation of REC version 3.0.

Gas supplier switching is to be initiated within the CSS and governed in REC version 3.0. Consequentially gas Shipper initiated Supplier switching will cease and the governance for this activity removed from both the UNC and IGT UNC. The IGT UNC refers to the UNC for the governance of such matters and the solution to be adopted to effect these requirements is that provided in the related consequential UNC SCR modification [UNC0804 - Consequential UNC changes for Switching SCR \(REC 3.0\)](#).

The legal drafting provided for this solution within the IGT UNC continues to point to the UNC and the IGT UNC legal drafting simply accommodates the impacts of the consequential changes to the UNC within the IGT UNC.

For clarity:

- All IGT supply points will be CSS supply points.
- IGTs will retain the ability to force registrations through Xoserve, where suppliers do not act as required.
- Xoserve's UKLink system will continue to support meterpoint creations and record consumption details to support settlement accuracy.
- this Modification will put in place the consequential changes required to:
 - align the Code with REC version 3.0;
 - facilitate CSS go live; and
 - facilitate the implementation of the End-to-End Business Process Design developed by the Switching Programme.

This Modification is only intended to make the changes required as noted above and will not make changes to the IGT UNC for any other purpose.

6 Impacts & Other Considerations

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

This is being raised as part of the Switching SCR and has been instructed by the Authority.

Consumer Impacts

Impact of the change on Consumer Benefit Areas

Area	Identified Impact
Improved safety and reliability	None
Lower bills than would otherwise be the case	None
Reduced environmental damage	None
Improved quality of service <i>See below</i>	Positive
Benefits for society as a whole <i>See below</i>	Positive

The IGT UNC changes support Ofgem's Switching Programme. The Programme's overall objective is to improve consumers' experience 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.

Ofgem's [Full Business Case](#) for the Switching Programme estimates the overall monetised benefit to consumers to be between £185m and £1,077m. Ofgem's identified monetised benefits include the following factors relating to improved quality of service for consumers:

- Direct benefits to consumers from faster switches and lower volumes of exceptions; and
- Indirect benefits of higher switching volumes likely to result from easier and more reliable switching.

Ofgem's Full Business Case also identifies non-monetised benefits of:

- Benefits to consumers of encouraging and enabling greater competition and innovation in the market (i.e. from competitive pressure leading to bills being lower than would otherwise have been the case); and
- Benefits of having a single switching system designed with future change in mind and that is better able to adapt to innovation.

As set out in the Full Business Case, Ofgem believes that the non-monetised benefits will outweigh monetised benefits.

Cross-Code Impacts

The development of version 3.0 of the REC, as part of Ofgem's Switching SCR, requires consequential changes to the IGT UNC. The IGT UNC changes have no direct impact on the REC or any other industry code.

In parallel to this Modification, Ofgem is also progressing SCR Modification Proposals for the BSC, SEC, DCUSA and UNC. This Significant Code Review Modification Proposal and the cross-code parallel Modifications are being led by the Authority.

The IGT UNC has had a dependency on the UNC for the development and legal drafting of this consequential modification. Any changes made to the UNC Modification UNC0804 are highly likely to have consequential impacts for this modification and /or the IGT UNC.

Environmental Impacts

N/A

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	Positive
(D) Securing of effective competition: (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	Positive
(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

This SCR Authority Modification Proposal will better facilitate the achievement of Relevant Objective (C) by ensuring that the solution marries with the UNC and UNC 0804 - Consequential UNC changes for Switching SCR (REC 3.0), thereby ensuring that the Central Data Service Provider's (CDSP) processes and systems approaches can be utilised for both the UNC and the IGT UNC which is more efficient.

The modification will also better facilitate the achievement of Relevant Objective (F) ensuring that the IGT UNC aligns with version 3.0 of the REC as of the go-live date for CSS/REC version 3.0. Failure to ensure this would introduce risk and potentially impact the successful delivery of Ofgem's Switching Programme as well as adversely impact IGT UNC parties, who would be unable to use the IGT UNC processes needed to support the new CSS arrangements. This in turn would have consequential adverse impacts on consumers.

As the consequential IGT UNC changes support the delivery of faster, more reliable switching they also promote effective competition and thereby better facilitate the achievement of Relevant Objective (D).

8 Implementation

Subject to considering the views of industry through the consultation and the recommendations for implementation following determination by IGT UNC Modification Panel, Ofgem anticipates implementation of this Modification in time for the CSS Go Live Date (as defined by the REC), which is currently expected to be 18 July 2022, if all affected Codes can progress their Modifications, if approved by the Authority, within the same timeframe. The Authority shall designate the CSS Go Live Date (as defined in the REC) in due course.

9 Legal Text

Text

Legal drafting for this modification has been published alongside this Modification and can be found on the [IGT161 webpage](#).

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 SCR Modification.

Panel Discussions (1st April 2022)

Consultation Timetable

The Panel considered and discussed the length of consultation, noting that the Proposer had requested a 4 week consultation period ending on 29th April 2022. However, due to the way the dates fall there will be two bank holidays within that period which means the number of working days will be reduced.

A Panel member advised that if there is no risk to the Modification being decided on at the May Panel, that an extension to the consultation period to account for those two bank holidays would be desirable. All other Panel members agreed with this view.

Ofgem advised that it believes the current timetable works but are happy to extend the period if IGTs feel they need the additional days.

The Panel unanimously agreed that the consultation period should be extended to 5th May 2022, noting that should any issues arise as part of the consultation there should be ample time to address these and for these to be considered at the May 2022 Workgroup meeting.

UNC Consultation Consideration

The Panel and Ofgem noted that the consultation on UNC0804 was due to close on 1st April 2022, the same day the IGT161 consultation was to be issued. Ofgem advised the Panel that it has asked the UNC Code Administrator to share responses to the UNC0804 consultation with the IGT UNC Code Administrator to ensure full visibility.

The Panel agreed that it would be useful for IGT UNC parties to consider responses to the UNC0804 consultation, as well as responses to other Code SCR Modifications³, noting that comments were received on the Modifications to the Smart Energy Code (SEC) and Balancing and Settlement Code (BSC), as part of their review of IGT161.

Legal Text

A Panel member advised that they had some challenges reviewing the UNC0804 legal drafting in terms of assessing the impact on the IGT UNC, specifically with regards to the terminology changes. They noted that due to how the IGT UNC references terms and provisions in the UNC, it was difficult to see clear definitions of some of the terminology changes and in turn to assess whether the changes were impacting or there was simply a change in a defined term. The UNC has a defined list of terms, but the provisions need to be reviewed to see the definition. They added that they asked the Joint Office for a list of terms and definitions but was unable to obtain one.

The Panel considered the approach to the IGT161 drafting in that the definitions are not in the IGT UNC but rather they point to the definition in the UNC, noting that this approach was taken in an effort to future proof the drafting. It was also considered whether a change in approach would be useful in that the definitions could be added into the IGT UNC directly, but questioned the impact to the timetable if the change was made now. The Code Administrator confirmed that if the change was made now it would result in a delay in the progression of the Modification. However, a change could be made following the approval of IGT161 to bring the definitions into Code without impacting IGT161 progression. A member confirmed that this would be useful, noting that as the IGT UNC has become more complicated it is getting harder to read the Code. There were no dissenting views from other members.

The Code Administrator agreed that it will look to obtain a list of terms and definitions and make this list available to parties as soon as possible, publishing it on the [IGT161 webpage](#) when available.

³ [MP200 - Faster Switching consequential changes to the SEC, P436 – Consequential BSC changes for Switching SCR \(REC 3.0\)](#)