

Modification proposal:	Independent Gas Transporters (IGT)171: Settlement Adjustments for Supply Meter Points impacted by the Central Switching System P1 Incident		
Decision:	The Authority ¹ directs this modification be made ²		
Target audience:	IGT UNC Panel, Parties to the IGT UNC and other interested parties		
Date of publication:	05 January 2024	Implementation date:	To be confirmed by the code administrator

Background

The Central Switching Service (CSS)³ was introduced by Ofgem in 2022 to facilitate efficient and expedited Switching⁴ between suppliers within the retail energy market and is one of a number of Switching Data Service Providers.⁵

If an issue arises in relation to a system or process within the CSS which causes disruption to a switch, this is known as a Switching Incident.⁶ When this occurs, the Switching Operator⁷ shall assign a priority ranking to each Switching Incident. This ranking is based on its impact on the Switching arrangements and market participants, these incidents are priority ranked as follows:

- Priority 1 – for Switching incidents causing critical impact and significant financial loss/disruption
- Priority 2 – for Switching incidents causing non-critical impact with non-significant financial loss/disruption

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 'Central Switching Service' is defined in Retail Energy Code: Interpretations and Definitions.

⁴ 'Switching' is defined in Retail Energy Code: Interpretations and Definitions.

⁵ 'Switching Data Service Providers' is defined in Retail Energy Code: Interpretations and Definitions.

⁶ 'Switching Incident' is defined in Retail Energy Code: Interpretations and Definitions.

⁷ 'Switching Operator' is defined in Retail Energy Code: Interpretations and Definitions.

- Priority 3 - for Switching incidents causing adverse impact but can be reduced to moderate/adverse impact
- Priority 4 – for Switching incidents causing minimal impact

On 6 July 2023, the Switching Operator declared a Priority 1 Incident. This involved approximately 193,000 Registrations⁸ which did not successfully progress to a state wherein they would become Active Registrations by the original Supply Effective From Date⁹ within the CSS. As a consequence, Secured Active Notifications¹⁰ required under the Retail Energy Code (REC) were not issued to the Gas Retail Data Agent. This Priority 1 Incident impacted, as detailed within the Final Modification Report, over 80,000 gas Registrations, of which 7,000 related to Supply Meter Points on IGT Networks.

Secured Active Notifications, under the Uniform Network Code (UNC), are termed 'Definitive Registration Notifications' when received by the Central Data Services Provider (CDSP). During this Priority 1 Incident, the CDSP did not receive these notifications in advance of the Registration Effective Date, which meant that the CDSP did not have the ability to record the Nominated Shipper as the Relevant User of the Supply Point in accordance with UNC Transportation Principal Document (TPD) Section G 5.2.4.¹¹

As a result of this Priority 1 Incident, there is a gap between the Registration Date in UK Link and the CSS which resulted in an issue whereby Settlement¹² (generated by UK Link) has not been attributed to the relevant Shipper, recorded in the CSS.

The modification proposal

On 25 September 2023, SEFE (the "Proposer") raised IGT UNC modification 171: Settlement Adjustments for Supply Meter Points impacted by the Central Switching System P1 Incident. The modification will implement mechanisms for Settlement Adjustments for approximately 7,000 Registrations related to Supply Meter Points on IGT Networks. This will allow for the Settlement issues caused by the Priority 1 Incident which resulted in a disconnect in the

⁸ 'Registrations' is defined in Retail Energy Code: Interpretations and Definitions.

⁹ 'Supply Effective From Date' is defined in Retail Energy Code: Interpretations and Definitions.

¹⁰ 'Secured Active Notifications' is defined in Retail Energy Code: Interpretations and Definitions.

¹¹ Transportation Principal Document. UNC. Available: [Transportation Principal Document | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](https://www.gasgovernance.co.uk/transportation-principal-document-unc)

¹² "Settlement" means in relation to a Day the determination and settlement of amounts payable in respect of Energy Balancing Charges in accordance with the Code (TPD V16.1.1(d))

Supply Effective From Date in the CSS and the Registration Effective Date in UK Link systems to be resolved, reconciliation to take place where necessary and allow for settlement discrepancies to be addressed.

The Proposal states that IGT171 has been raised to address issues which have arisen as a consequence of the Priority 1 Incident, impacting approximately 7,000 Supply Meter Points on IGT Networks. The modification will only consider Supply Meter Points where these dates are misaligned as this is where Settlement Discrepancy will have occurred. Furthermore, the value of the adjustments is yet to be defined, as the CDSP do not formally know the impacted Supply Meter Points, as there are instances where the failed Registrations have yet to occur, and these will be subject to reconciliation by the Switching Operator.

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 across all sites on the GB Gas Network, however, IGT171 relates to Supply Meter Points attached to IGT Networks, and the Settlement components associated with IGT Transportation and Metering invoicing the adjustment values is less than connected modification UNC 0855.

This modification is only targeted at Supply Meter Points attached to IGT Networks and the Settlement components associated with IGT Transportation and Metering invoicing the adjustment value is less than UNC modification 0855. IGT UNC Parties have identified potential resolution paths to address the issues caused by the Priority 1 Incident, and this modification will support these resolutions in order to address IGT Transportation and Metering invoicing discrepancies through reconciliation, therefore reducing the impact on consumers, systems and processes. The resolution paths, noted below, illustrate the different methods by which industry parties have attempted to resolve the issues caused by the Priority 1 Incident that may have impacted Settlement:

a. Switching Operator Issue of Retrospective Secured Active Notifications

The Switching Operator, in this instance, has issued the Secured Active Notifications for the original Supply Effective From Date from 2 August 2023. These could be up to 27 days later than they should have been issued, this 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. As part of this resolution, DCC are seeking a

derogation from REC Performance Assurance Board (PAB) to facilitate this. These Supply Meter Points are included within this proposal.

b. Supplier Proactive Cancellation of Registrations and Registration resubmission for Future Effective Date

Suppliers may 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 the CSS. These Supply Meter Points are included within this proposal as there may be a disconnect between the Original (intended) Supply Effective From Date and the Registration Effective Date in UK Link systems.

In order for a Supply Meter Point to qualify for IGT Transportation and Metering invoicing Adjustment solution proposed in this modification, it must be defined as an impacted Supply Meter Point by the Switching Operator or included in the CDSP assessment of impacted Supply Meter Points.

IGT 171 proposes that IGTs need not perform the IGT Transportation and Metering invoicing Adjustment where both the Losing and Gaining Shippers opt out of the Settlement Adjustment. This is proposed as there are Registrations that are understood to be internal Registrations as a result of portfolio re-alignment within company group operations.

As part of IGT171, a number of transitional components will be considered for the period of the Priority 1 Incident, these include:

1. The Priority 1 Incident scope is from the 7 July 2023 until all impacted Supply Meter Points have been identified and the Registrations effected in the UK Link system whether resolved by the resolution paths, noted above.
2. In these circumstances, the CSS Recorded Shipper will be responsible for the Transportation invoicing, and where relevant, Metering charges.
3. 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.

4. The methodology for the meter reading 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 5.4.2¹³ for classes 1 and 2, and 3 and 4.
5. The IGT will calculate the IGT Transportation and Metering invoicing 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.
6. 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.
7. The IGTs will perform the IGT Transportation and Metering invoicing adjustment calculation after the CDSP report is received indicating the Supply Meter Points subject to adjustment which shall be no earlier than at the third month following issue of the CSS Effective Date Meter Reading to both Shippers, or the implementation date of the modification, whichever is the later.
8. The 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. Where such Supply Meter Points are warranted by the incoming Shipper these will be included in the adjustment processes and meter readings shall be applied.

IGT UNC Panel¹⁴ recommendation

At the IGT UNC Panel meeting on 24 November 2023, the Panel unanimously considered that modification 171 would better facilitate the IGT UNC relevant objectives and the Panel therefore recommended its approval.

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report¹⁵ (FMR) dated 24 November 2023. We have considered and taken into account the

¹³ Transportation Principal Document. UNC. Available: [Transportation Principal Document | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#)

¹⁴ The IGT UNC Panel is established and constituted from time to time pursuant to and in accordance with the IGT UNC Modification Rules.

¹⁵ IGT171 – Settlement Adjustments for Supply Meter Points impacted by the Central Switching System P1 Incident. IGT UNC. Available: <https://www.igt-unc.co.uk/wp-content/uploads/2023/11/IGT171-FMR-Post-Panel.pdf>

responses to the industry consultation(s) on the modification proposal which are attached to the FMR¹⁶ We have concluded that:

- Implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the IGT UNC¹⁷; and
- Directing that the modification be made is consistent with our principal objective and statutory duties.¹⁸

Reasons for our decision

We consider this modification proposal will better facilitate IGT UNC relevant objective (f) and has a neutral impact on the other relevant objectives.

We agree with the IGT UNC Panel and consultation responses which cite that IGT171 provides an appropriate process and solution to both manage issues which can be attributed to the Priority 1 Incident and support the allocation and correction of IGT transportation charges. The IGT UNC Panel and consultation respondents noted that the continued misalignment between Supply Effective From Date in the CSS and the Registration Effective Date in UK Link systems has the potential to adversely impact further industry processes. Our view is that this Proposal will assist in mitigating any further consequences from the Priority 1 Incident and will reduce the risk of protracted Settlement uncertainty.

Our views align with the IGT UNC Panel and consultation respondents that the impact of IGT171 on IGT UNC Relevant Objective (f) is positive as it allows the CDSP to make the necessary arrangements to address Settlement inaccuracies which promotes the efficiency of industry processes and administration of the Code.

For these reasons we consider this modification will further facilitate Relevant Objective (f).

Decision notice

¹⁶ IGT UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at www.gasgovernance.co.uk

¹⁷ As set out in Standard Special Condition A11(1) of the Gas Transporters Licence. Available: [Standard Special Condition - PART A Consolidated - Current Version.pdf \(ofgem.gov.uk\)](http://www.ofgem.gov.uk/StandardSpecialCondition-PARTAConsolidated-CurrentVersion.pdf)

¹⁸ 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.

In accordance with Standard Special Condition A11 of the Gas Transporters licence, the Authority hereby directs that modification proposal IGT171: Settlement Adjustments for Supply Meter Points impacted by the Central Switching System P1 Incident be made.

Michael Walls

Head of Smart Metering and Retail Market Operations

Signed on behalf of the Authority and authorised for that purpose