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for energy consumers

Electricity and gas supply licence holders, gas shipper licence holders, electricity and gas distribution licence holders, code panels, industry bodies, metering agents, consumer bodies, and other interested parties

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Dear Colleague,

Switching Significant Code Review: Authority-led code modification proposals to affected Codes

This update confirms that the Gas and Electricity Markets Authority (the Authority)¹ will shortly commence its submissions of Authority-led code modification proposals to affected codes, pursuant to the Authority's Switching Significant Code Review (SCR). Proposals for these code modifications, required to facilitate the progression of the Switching Programme, will be submitted to the relevant panels and administrators (or code manager) of the following industry codes:

- Balancing and Settlement Code (BSC)
- Distribution Connection and Use of System Agreement (DCUSA)
- Independent Gas Transporter Uniform Network Code (IGT UNC)
- Smart Energy Code (SEC)
- Uniform Network Code (UNC).

(together, the "**Relevant Codes**").²

¹ The terms "the Authority", "we" and "us" are used interchangeably in this document.

² Each of the industry codes defines a code modification proposal raised by the Authority pursuant to an SCR differently, but generally we refer to it in this document as an "Authority-led modification proposal" or "Authority-led proposal".

Development

We launched the Switching SCR in November 2015 in order to introduce the necessary changes required to the licence and code framework for the Switching Programme.³ 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, we 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, we closed the RCC SCR.⁴ We then continued to progress the Switching Programme and related Switching SCR.

The Switching SCR will bring about significant changes to the REC as part of the Switching Programme, introducing REC version 3.0. These changes to the REC will require consequential changes to be made to the other Relevant Codes to reflect the new arrangements. The necessary drafting for REC version 3.0 is currently being finalised and will shortly be subject to a full independent review. We expect that the REC code modification will be raised in April, to allow for the efficient and timely implementation of REC version 3.0 by the Central Switching Service (CSS) Go-Live Date.⁵ We will update industry as to the proposed REC modification timeline once we have more clarity on precise dates.

³ Link [here](#) to the launch statement on the Ofgem website

⁴ Link to our letter confirming the closure of the RCC SCR [here](#) on the Ofgem website

⁵ As defined in the REC Transition Schedule, the CSS Go-Live Date means the time and date designated as such by the Authority. The CSS Go-Live Date will be designated by the Gas and Electricity Markets Authority and is currently expected to be **[18 July 2022]**.

Proposed timetable and next steps for modifications to the affected codes

Ofgem’s 2016 Code Governance Review (phase 3) created three pathways for SCRs with increasing levels of Ofgem involvement in the industry code modification process.⁶ As we set out in the Outline Business Case, we are adopting pathway three for this SCR whereby Ofgem leads an end-to-end process to develop code modifications within the Relevant Codes.⁷

In line with the Authority’s SCR guidance, we have worked with code administrators and stakeholders to develop the drafting of the consequential changes to affected codes required for the Switching Programme. Our June 2019 consultation on proposed changes to industry codes required for the Switching Programme,⁸ together with subsequent engagement with relevant industry parties through the Switching Programme Regulatory Design User Group (RDUG) where the code drafting was further discussed, give us confidence that this set of Authority-led modification proposals under the Switching SCR have had appropriate input from industry and wider stakeholders. We are also directing the code bodies to include a further consultation period as part of the code modification process, as set out in the table below.

Under the SCR, we will now shortly submit the Authority-led modification proposals in respect of the Relevant Codes, for progression through the relevant Authority-led change processes within each code. Following discussions with the relevant code bodies, we expect the proposals to progress as set in the timeline below, unless this time window is subsequently amended by the Authority (in which case we will notify the panels of all Relevant Codes).

Code	Authority submits Authority-led modification proposal	First panel meeting	Consultation / Impact Assessment / Voting period	Second panel meeting ⁹	Final Modification Report (FMR) submitted to Authority
DCUSA	2 nd February	16 th February	18 th March – 19 th April	16 th March	21 st April
UNC	4 th February	17 th February	17 th February – 17 th March	21 st April	28 th April
IGT UNC	15 th March	25 th March	25 th March -27 th April	27 th May	30 th May
SEC	8 th February	15 th February	16 th February – 16 th March	23 rd March	23 rd March
BSC	2 nd February	10 th February	16 th February – 16 th March	14 th April	14 th April

⁶ Our resulting [SCR guidance](#) is published on our website

⁷ The [Outline Business Case](#) is published on our website. Please refer to paragraph 8.26.

⁸ The [2019 consultation](#) is published on our website.

⁹ The “second Panel meeting” for the SEC modification will be a Change Board meeting, in accordance with the SEC change procedures

Each of the Relevant Codes has its own procedures in relation to Authority-led modification proposals. In line with the above planned timetable, the Authority will under separate cover submit to each code panel its Authority-led Switching SCR modification proposals in respect of that code, together with instructions in relation to timetables for completion of procedural steps and proposed implementation dates, if the Authority proceeds to approve the relevant modifications. The Authority-led modification proposals in relation to the Switching SCR will be published on that code's website in accordance with its own procedures.

We have provided our target dates for decisions on the first set of proposals in this matter above. It will then be for the panels of the Relevant Codes to implement the modifications, if the Authority decides to approve the proposals, to allow efficient and timely implementation by the CSS Go-Live Date.¹⁰

This is an Authority-led end-to-end SCR¹¹ and so we expect that modification in respect of the Switching SCR will end when the Authority makes its decisions following its receipt of the relevant panel reports. We will confirm when we have made our final decision and the Switching SCR has ended. We will only end the SCR at the point that we are confident that no further code changes are required for the Switching Programme.

Finally, we would like to once again extend our thanks to the code panels and code administrators, and the REC Code Manager, for their support in developing the legal text for the SCR modification proposals on the timelines that have been required by the programme.

If you have any questions or comments on this letter, please contact switchingprogramme@ofgem.gov.uk.

Yours faithfully

Nicola Garland

**Head of Delivery
Switching Programme**

¹⁰ As defined in the REC Transition Schedule, the CSS Go-Live Date means the time and date designated as such by the Authority. The CSS Go-Live Date will be designated by the Gas and Electricity Markets Authority and is currently expected to be **[18 July 2022]**.

¹¹ Type 3 Ofgem led end to end process as defined in the [Outline Business Case](#)