

Modification proposal:	Balancing and Settlement Code (BSC) P436: Consequential BSC changes for Switching SCR (REC 3.0) (P436)		
Decision:	The Authority ¹ directs that this modification be made ²		
Target audience:	National Grid Electricity System Operator (NGESO), Parties to the BSC, the BSC Panel and other interested parties		
Date of publication:	17 May 2022	Implementation date:	CSS Go-Live Date ³

Background

We 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.⁴ 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. The Switching SCR will bring about significant changes to the Retail Energy Code (REC) as part of the Switching Programme, introducing REC version 3.0. This will support the introduction of faster and more reliable switching through a new Centralised Switching Service (CSS).

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 49A of the Electricity Act 1989.

³ CSS Go-Live Date, as defined by the Retail Energy Code, means the time and date designated as such by the Authority. The CSS Go-Live Date is currently expected to be, and will not be earlier than, 18 July 2022.

⁴ Link [here](#) to the Switching SCR launch statement on the Ofgem website.

These changes to the REC require consequential changes to be made to a number of affected codes, including the BSC, to reflect the new arrangements. Our update⁵ published on 31 January 2022 set out the proposed processes and timelines for this suite of industry code modification proposals required for REC version 3.0, including this modification to the BSC.⁶

We initiated the REC code modification proposal process on 7 April 2022, which will allow for the efficient and timely implementation of REC version 3.0 by the CSS Go-Live Date. We raised modification proposal P436 in respect of the BSC on 2 February 2022 in order to reflect those new arrangements brought about by REC v3 in the BSC, with a proposed implementation date of the CSS Go-Live Date. The CSS Go-Live Date will be determined by Ofgem at a later date, and is currently expected to be 18 July 2022.

The modification proposal

On 2 February 2022, BSC modification proposal P436 (the proposal) was raised by Ofgem as an Authority Led SCR Modification Proposal under paragraph F5.3A.1 of the BSC. The proposal set out the timetable of the procedural steps for the modification as defined by the Authority, for completion by the BSC Panel.⁷

The proposal aims to make the changes that are necessary to a number of sections of the BSC, as part of the Switching SCR, that would ensure that the BSC aligns with REC 3.0 from the CSS Go-Live Date. The implementation date for the proposal must be flexible and tied to the CSS Go-Live Date, which will be determined and designated by Ofgem in due course.

In particular, this proposal aims to make the following changes:

- Changes to the BSC and its Code Subsidiary Documents (CSDs) to reflect that the CSS will become the definitive record of supplier registrations and registration deactivations,

⁵ Link [here](#) to the update

⁶ The terms “the Authority”, “we” and “us” are used interchangeably in this document.

⁷ Further details about [P420 and the letter to the BSC Panel chair](#) can be found on Elexon’s website.

with the Supplier Meter Registration Service (SMRS) syncing with CSS via the REC's Electricity Retail Data Agent (ERDA) / Electricity Retail Data Service (ERDS).

- Changes to the BSC and CSDs to incorporate various pre-existing SMRS provisions that were originally part of the Master Registration Agreement (MRA). These provisions are temporarily held in the REC's MRA Transition Schedule and have been identified by the Programme as requiring transfer to the BSC as part of REC 3.0 (when the MRA Transition Schedule will be removed from the REC). This brings all SMRS provisions under BSC governance, when previously they were split across the BSC and MRA. The transferred provisions relate to SMRS service levels, charges, liquidated damages and Retrospective Manual Amendments to data.
- Changes to CSDs to reference two SMRS data flows (the D0089 and D0204) that have transferred ownership from the MRA to the BSC, as well as to remove references to other SMRS flows (the D0055, D0057 and D0058) that are now obsolete under the new CSS arrangements.
- Changes to Elexon's Kinnect Customer Solution system to provide electricity Market Participant Role information on an automated basis to the REC Code Manager, who will then be responsible for putting this information into CSS, in accordance with the new REC 3.0 Switching Data Management Schedule.

BSC Panel⁸ recommendation

At the BSC Panel meeting on 14 April 2022 the Panel unanimously agreed that P436 would better facilitate Applicable BSC objectives (c) and (d), and the Panel therefore recommended its approval for implementation on the date on which the REC version 3.0 comes into effect, a date to be determined by Ofgem. The Panel considered that although P436 impacts UK EBGL Article 18 terms and conditions, the impact is neutral against the UK EBGL objectives.

On 14 April 2022, the Panel submitted to Ofgem:

- the P436 Final Authority Led SCR Modification Report (FMR)
- the consultation response received in response to P436

⁸ The BSC Panel is established and constituted pursuant to and in accordance with Section B of the BSC and [Standard Special Licence Condition C3 of the Electricity Transmission Licence](#).

- the recommended BSC legal text, including the changes to the BSC subsidiary documents, required to implement P436.

Our decision

We have considered the issues raised by the modification proposal and the FMR dated 14 April 2022. We have considered and taken into account the response to the industry consultation which was attached to the FMR⁹, as well as the wider aims of the Switching SCR. We have decided that:

- implementation of the modification proposal will better facilitate the achievement of Applicable Objectives (c) and (d) of the BSC,¹⁰ and
- directing that the modification be made is consistent with our principal objective and statutory duties.¹¹

Reasons for our decision

For the reasons given below, we consider this modification proposal will better facilitate Applicable BSC Objective (c) and BSC Objective (d) and has a neutral impact on the other Applicable Objectives.

(c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity

This modification proposal will better facilitate the achievement of Applicable BSC Objective (c) by supporting the delivery of faster, more reliable switching, which in turn will promote competition in the supply of electricity.

⁹ BSC modification proposals, modification reports and representations can be viewed on the [Flexon website](#).

¹⁰ As set out in [Standard Condition C3\(3\) of the Electricity Transmission Licence](#).

¹¹ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.

(d) Promoting efficiency in the implementation of the balancing and settlement arrangements

This modification proposal will better facilitate the achievement of Applicable BSC Objective (d) by ensuring that the BSC aligns with version 3.0 of the REC, from the CSS Go-Live date. Failure to ensure this code alignment would introduce risk to the successful delivery of Ofgem's Switching Programme. It would also adversely impact BSC Parties and Party Agents who would be unable to use the BSC processes needed to support the new CSS arrangements, in turn adversely impacting consumers.

Decision notice

Pursuant to and in accordance with Standard Condition C3 of the Electricity Transmission Licence and paragraph F5.3A of the BSC, the Authority hereby:

(1) approves and accepts modification proposal BSC P436: *Consequential BSC changes for Switching SCR (REC 3.0)* (Modification BSC P436), and

(2) directs that Modification BSC P436 be made.

Pursuant to Standard Condition C3(4F)(d) of the Electricity Transmission Licence and paragraphs F5.3A.1 and F5.3A.5 of the BSC, the Authority hereby directs NGESO and the BSC Panel to implement Modification BSC P436 so that it takes effect on the date that version 3.0 of the REC comes into effect, which is also the CSS Go-Live Date as defined in the REC. This date will be determined and designated by Ofgem at a later date, and is currently expected to be 18 July 2022.

We expect this to be the last decision in respect of the BSC under the Switching SCR. However, if circumstances change before the end of the Switching SCR, which necessitate further Authority-led modification proposals in respect of the BSC, we will consult further. In due course, we will confirm when we have made our decision on

the final Authority-led modification proposal under the Switching SCR and, accordingly, when the Switching SCR as a whole has ended.



Nicola Garland

Head of Switching Programme

Signed on behalf of the Authority and authorised for that purpose