

Modification proposal:	<b>Independent Gas Transporters' Uniform Network Code (IGT UNC) IGT161: Consequential IGT UNC changes for Switching SCR (REC 3.0)</b>		
Decision:	The Authority <sup>1</sup> directs that this modification be made <sup>2</sup>		
Target audience:	IGT UNC Panel, Parties to the IGT UNC and other interested parties		
Date of publication:	17 June 2022	Implementation date:	CSS Go-Live Date <sup>3</sup>

## 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.<sup>4</sup> 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).

These changes to the REC require consequential changes to be made to a number of affected codes, including the IGT UNC, to reflect the new arrangements. Our update<sup>5</sup> published on

<sup>1</sup> 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.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

<sup>3</sup> 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.

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

<sup>5</sup> Link [here](#) to the update

31 January 2022 set out the proposed processes and timelines for this suite of industry code modification proposals required for REC v3, including this modification to the IGT UNC.<sup>6</sup>

We initiated the REC code modification proposal process on 7 April 2022, to allow for the efficient and timely implementation of REC version 3.0 by the CSS Go-Live Date. We raised modification proposal IGT161 in respect of the IGT UNC on 25 March 2022, in order to reflect those new arrangements brought about by REC version 3.0 in the IGT UNC, with a proposed implementation date of the CSS Go-Live Date. The CSS Go-Live Date will be confirmed by Ofgem at a later date, but is currently expected to be 18 July 2022.

### **The modification proposal**

On 25 March 2022, IGT UNC modification proposal IGT161 (the Proposal) was raised by Ofgem as an SCR Modification Proposal under the Switching SCR and pursuant to Clauses L31 and L32 of the IGT UNC.<sup>7</sup> We also issued a direction under Clause L31.2(b) of the IGT UNC, which set out the timetable for the relevant party (in this case, all IGT UNC Operators<sup>8</sup> and Relevant IGT UNC Operators<sup>9</sup>) to progress the Proposal.

The Proposal aims to make the changes that are necessary to a number of sections of the IGT UNC as part of the Switching SCR, that would ensure that the IGT UNC implement the End-to-End Business Process Design developed by the Switching Programme and specifically to align the IGT UNC with REC version 3.0 from the Go-Live for CSS, which is also the REC version 3.0 effective date. Ofgem will determine and designate the exact date of CSS Go-Live in due course.

Additionally, as part of the Switching SCR process, we have separately made related and parallel consequential changes to the Uniform Network Code (UNC) through SCR Modification UNC 0804,<sup>10</sup> and IGT161 will ensure that the IGT UNC remains in alignment with the UNC.

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

<sup>7</sup> Further details about IGT161 can be found on the Independent Gas Transporters’ Uniform Network Code website, [here](#).

<sup>8</sup> As defined in the IGT UNC

<sup>9</sup> As defined in the IGT UNC

<sup>10</sup> Further details about UNC0804 can be found on the UNC website, [here](#).

## **IGT UNC Panel<sup>11</sup> recommendation**

At the IGT UNC Panel meeting on 27 May 2022, the IGT UNC Panel unanimously considered that IGT161 would better facilitate the IGT UNC Relevant Objectives and the IGT UNC Panel therefore recommended its approval.

## **Our decision**

We have considered the issues raised by the Proposal and the Final Modification Report (FMR) dated 27 May 2022. We have considered and taken into account the responses to the industry consultation on the modification proposal which are attached to the FMR and the views and votes of the IGT UNC Panel, as well as the wider aims of the Switching SCR.<sup>12</sup> We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the IGT UNC; and
- directing that the modification be made is consistent with our principal objective and statutory duties.<sup>13</sup>

## **Reasons for our decision**

We consider that IGT161 will better facilitate IGT UNC Relevant Objectives (C), (D) and (F), and is neutral in respect on the other IGT UNC Relevant Objectives.

### **(C) Efficient discharge of the licensee's obligations**

We consider that the IGT161 solution will result in alignment with the UNC and increase efficiency by ensuring that improvements being made to the processes and systems operated by the Central Data Service Provider (CDSP) on behalf of Gas Transporters can be utilised for

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<sup>11</sup> The IGT UNC Panel is established and constituted from time to time pursuant to and in accordance with the IGT UNC Modification Rules (Part L of the IGT UNC)

<sup>12</sup> IGT UNC modification proposals, modification reports and representations can be viewed on the Independent Gas Transporters' (IGT) Uniform Network Code (UNC) website, at <https://www.igt-unc.co.uk/>

<sup>13</sup> The Authority's statutory duties are wider than matters which the IGT UNC Panel must take into consideration and are detailed mainly in the Gas Act 1986 as amended.

both the UNC and IGT UNC.

**(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**

We consider that IGT161 supports the delivery of faster, more reliable switching and therefore promotes effective supply competition.

**(F) Promotion of efficiency in the implementation and administration of the Code**

We agree with the Panel that IGT161 will ensure that, by aligning the IGT UNC with version 3.0 of the REC as of the Go-Live date for CSS, any potential impacts that may have arisen as a result code misalignment, both on the successful delivery of Ofgem's Switching Programme as well as on IGT UNC parties, are avoided.

**Decision notice**

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 161 'Consequential IGT UNC changes for Switching SCR (REC 3.0)' (IGT 161) for implementation, and (2) directs that modification IGT 161 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 Operators<sup>14</sup> and the IGT UNC Modification Panel<sup>15</sup> to implement modification IGT 161 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.

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<sup>14</sup> As both IGT UNC Operators and Relevant IGT UNC Operator are defined in Part L of the IGT UNC

<sup>15</sup> As defined in Part L (Modification Rules) of the IGT UNC

We expect this to be the last decision in respect of the IGT UNC 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 IGT UNC, 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