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Uniform Network Code (UNC) 0886V: Amend the Code Cut-off Date to a rolling period (UNC0886V)

Decision:	The Authority[1] directs this modification to be made[2]
Target audience:	UNC Panel, Parties to the UNC and other interested parties
Date of publication:	22 August 2025
Implementation date:	01 April 2026

Background

On 1 April 2008, UNC Modification 0152V 'Limitation on Retrospective Invoicing and Invoice Correction'[3] was implemented, introducing the Code Cut Off Date[4]. Prior to this, the earliest point for financial adjustments and reconciliations was 1 February 1998. If no changes were made over time, the period for such adjustments would continue to expand until the Code Cut Off Date was established, exposing Shippers to ever increasing risks for large adjustments and reconciliations.

The Code Cut Off Date, otherwise known as the "Line in the Sand" (LIS), sets a limit within which gas reconciliations and adjustments can be invoiced, which is currently 3 to 4 years. This window advances annually on 1 April and serves as a critical mechanism for managing historical consumption data and financial settlements for gas.

With the ongoing deployment of Advanced and Smart Meters, the accuracy and availability of consumption data has significantly improved. By the end of March 2025, 16.1 million smart and advanced gas meters had been installed across homes and small businesses in Great Britain, representing 64% of all gas meters[5]. These devices aim to provide near real-time data, reducing reliance on estimated readings and enabling more accurate and timely settlements.

[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] UNC Modification 0152V Limitation on Retrospective Invoicing and Invoice Correction.
[4] Code Cut Off Date as set out in the Uniform Network Code (UNC) General Terms, Section C – Interpretation
[5] Department of Energy Security and Net-Zero Smart meters in Great Britain, quarterly update March 2025

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While the current 3 to 4-year LIS period was historically necessary to accommodate data lags and manual processes, it now poses a potentially increased financial risk. This could risk exposing Shippers to substantial retrospective adjustments, particularly in cases involving metering errors.This may also reduce the incentive to obtain timely and accurate meter readings.

Each year the LIS date moves forward by one year on 1 April, marking the start of a new Formula Year[6], which runs from 1 April to 31 March, as defined in the UNC. As of 1 April 2025, the LIS date is set at 1 April 2022. As the year progresses, the LIS date becomes increasingly distant until it is updated again at the start of the next Formula Year which may deincentivise the resolution of settlement errors on a more timely basis.

The modification proposal

The modification proposal was raised by SSE Energy Supply Limited (The Proposer) on 28 June 2024. This modification would seek to implement a monthly rolling LIS date, as opposed to it currently being moved forward by the change of the Formula date each year.

The following changes to the definition of Code Cut Off date will be required:

- Removal of the reference to the "Formula Year" and replacing it with "given calendar month"
- Removal of the words "1st April" and replace them with the following "the 1st day of that calendar month"

Following the move to a monthly LIS date, the Central Data Service Provider (CDSP) has provided an example of how processes may need to operate:

- Data updates, meter registrations, must-read submissions, and read submissions should be completed two business days before the end of the month.

[6] Formula year as set out in the [Uniform Network Code (UNC) General Terms, Section C – Interpretation]

- Exceptions must be resolved two business days before the end of the month to avoid offline adjustments.
- Unidentified gas smearing continues mid-month and aligns with the previous month's Code Cut Off date. Requests for adjustments and daily metered quantities must be submitted by the 10th business day of the previous month.

This modification does not introduce any transitional measures to help manage the risk of increased settlement volumes ahead of the implementation and avoid potential detriment to the Central Data Service Providers (CDSP) performance. However, the transitionary business rule introduced as part of UNC Modification 0896 'Reducing the current Code Cut-Off Date (Line in the Sand) from 3 to 4 years to 2 to 3 years' will help reduce the risk to the CDSP. This rule will require Shippers to submit at least 80% of reconciliations and adjustments prior to 10 February 2026.

This decision has been published alongside the decision on UNC Modification 0896. The combined result of both modifications would aim to be that the LIS date first moves to 1 April 2024 on 1 April 2026 and then moves forward monthly following the implementation of this modification.

UNC Panel[7] recommendation

At the UNC Panel meeting on 17 July 2025, a majority of the UNC Panel considered UNC 0886V would better facilitate the UNC objectives, and the Panel therefore recommended its approval. One panel member was not in favour of this modification, suggesting that the current rollout of smart and advanced meters was not sufficient to ensure that there would be a benefit to a monthly rolling LIS date.

Our decision

[7] The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules.

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We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 18 July 2025. We have considered and taken account of the responses to the industry consultation on the modification proposal which are attached to the FMR.[8]

We have concluded that:

- implementation of the modification proposal is likely to better facilitate the achievement of the relevant objectives of the UNC;[9] and
- directing that the modification be made is consistent with our principal objective and statutory duties.[10]

Reasons for our decision

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

(d) so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition:
(i) between relevant shippers;
(ii) between relevant suppliers; and/or
(iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers

The Proposer believes that relevant objective (d) would be better facilitated by encouraging Shippers to engage in timelier and consistent behaviour when submitting reconciliations, as opposed to the risk of Shippers submitting these in bulk prior to the annual LIS date change. They also believe it would likely better incentivise data quality and meter reading practices which could lead to a reduction in large and unexpected adjustments.

[8] UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at Joint Office of Gas Transporters
[9] As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, available at: Licences and licence conditions | Ofgem
[10] 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.

The majority of respondents to the consultation on this modification agree with the Proposer's view that this would likely better facilitate relevant objective (d). One respondent commented that moving to a monthly LIS would smooth the settlement process and avoid the risk of a bottleneck that would be more likely to occur if all Shippers were to submit at the same time, and on an annual basis.

Another respondent who agreed with this proposal better supporting this objective also stated that they considered a short LIS window would drive Shippers and Suppliers to submit meter readings into settlement and to investigate and resolve errors more promptly. They suggested that this would be achieved by removing the one-year lag between changes in the LIS date, thus driving improvements across the industry.

One response to the consultation opposed the implementation, saying that it would introduce a significant and premature change to the current arrangements. The respondent said that the related proposal, UNC0896, which reduces the Code Cut-Off Date from 3–4 years to 2–3 years, would be more proportionate. The respondent said that the benefits of a rolling monthly cut-off would only be achievable when there is a much higher penetration of smart and advanced meters across the market. They also argued that this modification would potentially benefit Shippers and Suppliers who have higher proportions of advanced and smart meters in their portfolio. The respondent also raised concerns that the rolling monthly cut-off could lead to increased manual workload, reconciliation errors, and administrative costs for Suppliers, Shippers and the CDSP.

During the development of UNC 0886V the CDSP presented a rough order of magnitude[11] response for this modification. Within this the CDSP modelled the annual reconciliation pot smeared over 12 months. Based on this modelling the CDSP believed that their existing business as usual resource would be sufficient to handle the monthly LIS change. However, the CDSP noted that this is reliant on Shippers following the revised monthly submission timelines[12] set out as part of UNC 0886V.

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[11] Xoserve XRN5828 ROM 0886 Response
[12] XRN5828 Supporting Slides

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Concerns were also raised by respondents that a monthly rolling LIS date change may put additional pressure on the CDSP to complete reconciliations and associated tasks. The FMR sets out that the annual change to the LIS date was initially driven by system restrictions, which led to the process of changing the LIS date being manually intensive. This process did not facilitate a more regular change. However, following the introduction of the new UK Link systems as part of Project Nexus[13] this restriction was addressed. We consider that this supports the view that the current stage of the rollout of smart and advanced meters is unlikely to be a driving factor behind the need for an annual date change or a restriction on moving to a monthly rolling change.

We agree with the Proposer and the majority of consultation respondents that this modification would better facilitate relevant objective (d). The current annual LIS change presents the potential for a bottleneck effect leading to a surge in reconciliations just before the annual cut-off. This could lead to operational risks for Suppliers, Shippers and CDSP while attempting to manage large numbers of reconciliation ahead of the annual LIS change as opposed to smoothing these out across the year. We also note that the electricity market has operated with a significantly shorter settlement timeframe of 14 months and following the implementation of the Market Wide Half Hourly Settlement (MHHS) programme this will again reduce this further to four months.

We acknowledge the concerns raised in relation to the numbers of advanced and smart meters being insufficient to allow the level of agility needed to operate under a monthly rolling LIS date. In addition to this, the observation that those without an advanced or smart meter won't benefit from this change. We note that the that rolling out advanced and smart meters is a licence obligation on Suppliers. Suppliers are responsible for ensuring that their customers are offered smart meters and for taking all reasonable steps to install them and operate them in smart mode. Therefore, the pace of smart meter deployment and the ability of consumers, Shippers and Suppliers to benefit from more dynamic settlement arrangements is directly within their control. Rather than delaying this reform to settlement until full market coverage is achieved, implementing a rolling LIS now provides a clear incentive for Suppliers to accelerate smart meter rollout and resolve issues with non-communicating meters, thereby supporting broader industry and consumer benefits.

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[13] Project Nexus

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Drawing comparison from the MHHS programme where smart meters are central to the programme, full market coverage is not needed to achieve the benefits of the programme[14] where currently around 68% of the total number of electricity meters are smart and advanced meters as of 31 March 2025[15]. This demonstrates that transformation should not be delayed until full market smart meter coverage has been achieved.

The respondent also raised concerns over potential "gaming" of the system with a monthly rolling LIS date. For example, this could see Shippers or Suppliers delaying or strategically timing the submission of reconciliations or adjustments to avoid financial exposure, or shifting costs into or out of specific periods. However, we consider that it is important to note that the current annual LIS process already creates a concentrated period of reconciliation activity, which risks distorting settlement outcomes. We consider that in the first instance it is the duty of Suppliers and Shippers to act responsibly and ensure information is entered into settlement in an accurate and timely manner. However, ultimately the responsibility to prevent this lies within the governance and assurance mechanisms in place within the UNC. For example, the Performance Assurance Committee whose role it is to support and encourage the industry's continued improvement for gas Settlement performance and risk management.

A late confidential consultation response was received for this modification following the Panel recommendation that the Authority approve the modification. We have considered the points raised in that submission as part of our decision.

The respondent was not in favour of this modification and highlights the proposed changes would increase manual workload, complicate reconciliation processes and risk discrepancies between consumer billing and industry settlement. They also note that the Customer Settlement Error Claims (CMS) process is overly manual and limited in scope which could cause risks to small and microbusiness customers from unresolved errors which do not meet the threshold for this process. They also believe that this modification could lead to increased resourcing costs needed to handle the workload they believe this modification could bring.

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[14] Market-wide Half-Hourly Settlement: Final Impact Assessment
[15] Department of Energy Security and Net-Zero Smart meters in Great Britain, quarterly update March 2025

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The UNC Panel discussed the CMS process and did not identify any issues with the process or a need for this to change to support changes to the LIS date. We agree with the Panel's view that the current CMS process is suitable.

Resource was not raised as a cause for concern if this modification is implemented. We believe this issue is likely to be best addressed through increased penetration of smart and advanced meters and through the operational efficiencies within Shippers and Suppliers.

For the reasons set out above we consider that this modification will better facilitate relevant objective (d)

Having assessed this modification alongside UNC0886V, as well as the responses to each modification's consultations, we believe both modifications should be implemented. The combination of these modifications will help modernise gas settlement and encourage Shippers to be more proactive and efficient in submitting data for settlement.

We note the Proposers' preferred order of implementation, with UNC0896 being implemented before UNC0886V. We agree with this assessment and consider that this modification should be implemented directly UNC0896.

Decision notice

In accordance with Standard Special Condition A11 of the Gas Transporters Licence, the Authority has decided that modification proposal UNC 0886V: 'Amend the Code Cut-off Date to a rolling period' should be made.

Michael Walls
Head of Smart Metering and Retail Market Operations
Signed on behalf of the Authority and authorised for that purpose

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