
Uniform Network Code (UNC) 0896: Reducing the current Code Cut-Off Date (Line in the Sand) from 3 to 4 years to 2 to 3 years (UNC0896)

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:	1 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 Date⁴. 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, often referred to 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 meters⁵. These devices 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](#)

While the current 3–4-year LIS period was historically necessary to accommodate data lags and manual processes, it now poses a potentially increased financial risk. This could expose Shippers to substantial retrospective adjustments, particularly in cases involving metering errors. The longer LIS period 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 Year⁶, 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.

The modification proposal

The modification proposal was raised by SEFE Energy (The Proposer) on 4 October 2024 and seeks to change the LIS period from 3-4 years to 2-3 years. This would be achieved by changing the current definition of LIS Date to the proposed definition in the UNC General Terms Section C – Interpretation.

- *Current Definition*
 - “Code Cut Off Date” means, in relation to any Day within a Formula Year (t), the Code Cut Off Date is 1st April in Formula Year t-3
- *Proposed definition*
 - “Code Cut Off Date” means, in relation to any Day within a Formula Year (t), the Code Cut Off Date is 1st April in Formula Year t-2

Under the proposed definition for Code Cut Off Date would mean that the Formula Year starting on 1 April 2026 would now see an LIS of date of 1 April 2024. Without this change the LIS date would move to 1 April 2023 following the start of the 2026 Formula Year.

As part of this solution it was also identified that a Transitional Business Rule (TBR) to protect the Central Data Service Provider⁷ (CDSP) from becoming overwhelmed by Shippers

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

⁷ Central Data Service Provider as set out in [Uniform Network Code GTD – CDSP and UK Link](#)

submitting up to two years of adjustments prior to the implementation date of this modification. This TBR would require Shippers to submit at least 80% of Consumption Adjustments no later than 10 February 2026 while the Consumption Adjustments submitted between 10 February 2026 and 10 March 2026 should be no more than 20% of the volume submitted by 10 February 2026.

We have published this decision alongside the decision on UNC Modification 0886V 'Amend the Code Cut-Off Date to a Rolling Period'. The result of both modifications combined would see the LIS date first move to 1 April 2024 on 1 April 2026 to then move forward monthly following the implementation of UNC 0886V.

UNC Panel⁸ recommendation

At the UNC Panel meeting on 17 July 2025, the UNC Panel unanimously agreed that UNC0896 would better facilitate the UNC objectives, and the Panel therefore recommended its approval.

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 18 July 2025. We have also taken account the responses to the industry consultation on the modification proposal which are attached to the FMR.⁹ We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the UNC;¹⁰ and
- directing that the modification be made is consistent with our principal objective and statutory duties.¹¹

⁸ The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules.

⁹ UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at [Joint Office of Gas Transporters](#)

¹⁰ As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, available at: [Licences and licence conditions | Ofgem](#)

¹¹ 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.

Reasons for our decision

We consider this modification proposal will better facilitate UNC objective (d) and (f) 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 this modification will better facilitate relevant objective (d) by reducing Shipper exposure to the risks of large reconciliation and adjustments that may go back up to 4 years. The Proposer also explains that this should lead to improvements in settlement as it will incentivise Shippers to submit meter readings in a timely fashion. This modification would also support smaller and new entrant Shippers, who would face less risk from large historical reconciliation or adjustments relating to metering issues than if the LIS remained at 3-4 years.

The majority of respondents to the consultation were in favour of this modification, agreeing that a shorter maximum reconciliation period could result in a reduced risk of large, unexpected reconciliations or adjustments stemming from metering errors. One respondent also said that a shorter timescale for reconciliations to be finalised could reduce the risk premiums that suppliers include in pricing to consumers to cover volume variances.

However, one respondent did not agree that this modification would better support relevant objective (d). They felt that reducing the LIS date to 2-3 years would not provide sufficient time to resolve complex metering issues. During the UNC Panel meeting on 17 July 2025 the Proposer highlighted that this modification would not impact Section E 1.3.7 of the

Transportation Principal Document¹², which allows a re-opener provision for significant claims that arise in the period from the Code Cut Off Date. We consider that this should sufficiently address this concern and agree with the Proposer.

We agree that this modification will better facilitate relevant objective (d) through reduced risk of exposure to large reconciliation and adjustments for Shippers. The ongoing rollout of both advanced and smart meters means Shippers increasingly benefit from being able to obtain accurate meter readings on a regular basis. Given the number of smart and advanced meters currently installed, this has the potential to represent a significant part of some Shipper portfolios and may not require the full LIS period to reconcile, further reducing the risk of large settlement adjustments and reconciliation.

We also consider that reducing the LIS period to 2-3 years could provide Suppliers with an incentive to resolve any non-communicating smart meters and benefit from the shortened settlement period.

For the reasons set out above we consider that UNC 0896 better facilitates relevant objective (d).

(f) so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code

The Proposer believes that this modification will better facilitate relevant objective (f) as reducing the LIS date will have the potential to limit large multi-year retrospective adjustments reducing the burden on both the Shipper and the CDSP.

In response to the consultation one respondent believed that a reduction in the LIS date may incentivise Shippers to read meters and resolve asset issues promptly. They consider that this could result in an improvement in data quality across the gas industry.

¹² [Uniform Network Code Transportation Principal Document Section E – Daily Quantities Imbalances and Reconciliations](#)

We agree with the Proposer that this modification will better facilitate relevant objective (f) as we consider this modification could be a key driver in encouraging Shippers to submit meter readings for settlement more promptly. Introducing shorter settlement periods via this modification will help utilise the efficiencies gained through smart and advanced meters.

For the reasons set out above we consider that this modification better facilitates relevant objective (f).

Having assessed this modification alongside UNC0886V, as well as the responses to each of the 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 ahead of UNC0886V.

Decision notice

In accordance with Standard Special Condition A11 of the Gas Transporters Licence, the Authority has decided that modification proposal UNC 0896: 'Reducing the current Code Cut-Off Date (Line in the Sand) from 3 to 4 years to 2 to 3 years' should be made.

Michael Walls

Head of Smart Metering and Retail Market Operations

Signed on behalf of the Authority and authorised for that purpose