Wholesale-Retail Code Change Proposal – Ref CPW026

Modification proposal	Wholesale-Retail Code Change Proposal – Removing SPID version design
Decision	Ofwat has decided to approve this code modification
Publication date	26 June 2018
Implementation date	28 September 2018

Background

A Supply Point ID (SPID) is a code which is unique to each supply point. The code is made up of 13 digits and is composed of four separate parts. This includes a 10 digit serial number (the SPID Core), a character to differentiate between the services provided, a version figure and check codes to detect errors.

The version figure component consists of one digit which identifies the version of the SPID. The first version of the SPID will be "1". If a supply point is registered at a premises where a supply point of the same service category was deregistered, the new supply point will adopt the previous SPID Core, however, the versioning figure will have incremented. This helps pair SPIDs when one of the pair is accidentally deregistered.

SPIDs for different Service Categories (water and sewerage), at the same Eligible Premises, can be paired. When paired, they have the same SPID Core although, however, they have a different character to reflect the Service Category of the supply point ('W' for a water supply point and 'S' for sewerage). Versioning has no benefit to SPIDs which are not paired. The versioning function was intended to assist with easy pairing of SPIDs and prevent the need to recreate the paired SPID when its counterpart was deregistered in error.

Issues with SPID versioning were discovered during the shadow market operation and early stages of the live market. Due to the identified issues, in June 2017, a preventative measure was implemented in CMOS to effectively prevent SPID versions from incrementing. A validation rule is used to stop supply points from being re-requested at the same SPID Core (if the previous SPID has been deregistered).

The issue

The Wholesale Retail Code (WRC) (CSD 0105 section 3.2.8 and CSD 0301 Data Catalogue Appendix A section A.1.1 (c)) is currently not consistent with the design of CMOS. The WRC was drafted to include provisions for incrementing SPIDs, however, SPID versioning does not currently work in CMOS. CMOS can only identify SPIDs from the SPID Core, it does not have the functionality to recognise the versioning element. This inconsistency between the WRC and the design of CMOS could lead to inefficient processes and confusion amongst the users of CMOS.

As detailed above, in June 2017, a preventative measure was put in place to stop SPIDs from incrementing. The Panel recommendation report highlights that prior to implementation of this preventative measure, incrementing SPIDs was causing data inconsistencies in CMOS. Although this temporary measure has been successful, a permanent solution is needed to align the WRC with the design of CMOS and prevent future data inconsistencies.

The Panel recommendation report highlights that invoking SPID versioning would create significant design, development and testing risks on CMOS and have consequences for certain Trading Party systems. Due to the extent of the changes which would be required to CMOS, the market would be exposed to risks.

For versioning to be implemented, CMOS would:

- Require modification across multiple areas of the central platform;
- Require regression testing on a number of CMOS functions;
- Require some Trading Parties to update their systems; and
- Lose capacity to make other changes within the system because resources would be focused on adding version functionality.

The above requirements would all place a large cost on those within the market. The Panel has highlighted that in an eight month period (October 2016 to June 2017), there were only 200 SPIDs whose versions incremented, it therefore considers that the benefits of removing versioning from the market codes outweigh implementing versioning functionality in CMOS.

The modification proposal[1]

The Panel proposes to amend the WRC so that the sections providing for versioning refer to this as a legacy function in CMOS and detail that the version for all SPIDs will remain at '1'. This code change would mean that in order to have correct supply point pairing, wholesalers will have to manually deregister and recreate a pair of supply points if one service of a supply point pair is erroneously deregistered. SPIDs which have incremented will need to be manually corrected.

As a consequence of the code change, all SPIDs will be reset to version 1 and the function of incrementing the versioning number will be removed from CMOS. The existing temporary measure which stops SPIDs from incrementing will be made permanent.

Industry consultation and assessment

After the November Panel meeting, an industry consultation was held for CPW026. In total, there was 14 respondents; 8 wholesalers and 6 retailers. Of these 14 respondents, 13 Trading Parties agreed with the proposed solution.

During the consultation, it became clear that arrangements for handing incorrectly deregistered SPIDs were not clear. Trading Parties highlighted the need to agree a process for recreating SPID pairs. A new process would provide consistency in approach and a more efficient market operation. MOSL has since agreed to produce a guidance and clarification document to help alleviate the issue for Trading Parties.

Water Plus was the only party not to agree with the change proposed in the consultation. Water Plus was concerned that the proposed change did not effectively deal with affected incremented SPIDs and suggested that MOSL should design a plan to deal with the affected SPIDs before resetting SPID versions. Since then, MOSL has developed a draft data rectification approach and is planning to engage with the affected stakeholders in order to discuss the approach. Although this has not been finalised, the Panel considers that the time before implementation of this change is sufficient to consult and develop a complete strategy.

MOSL also sought the views of stakeholders in the Scottish water market where the market operating system does not have a versioning function. Central Market

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[1] The proposal and accompanying documentation is available on the MOSL website at https://www.mosl.co.uk/market-codes/change#scroll-track-a-change

Agency (CMA), the market operator of the Scottish retail water market, did not identify any points of concern with the proposed change.

Scottish Water identified two issues which occur because they do not have versioning. Firstly, a new SPID is created every time a supply point is required where there has previously been a deregistered or permanently disconnected supply point. Secondly, there is no way to identify that an old and new SPID core belong to the same property. Scottish Water does not believe either to be insurmountable - the Scottish Market has functioned without SPID versioning for 10 years.

Panel recommendation

At the Panel meeting on 27 February 2018, the Panel determined, by unanimous decision, to recommend CPW026 to us with the aim of implementation on 28 September 2018. The panel believes that this modification furthers the principles of efficiency, proportionality, transparency, and simplicity.

Our decision

We have carefully considered the issues raised by the modification proposal and the supporting documentation provided in the Panel's recommendation report. We have concluded that the implementation of CPW026 will better facilitate the Principles and Objectives of the Wholesale Retail Code, detailed in Schedule 1 Part 1 Objectives, Principles and Definitions and is consistent with our statutory duties.

Reasons for our decision

Below, we set out our views on which of the applicable Code Principles are better facilitated by implementing this code modification.

Proportionality

The costs associated with continuing to develop the versioning functionality of SPIDs are large. Considering how rare it is for supply points to be deregistered by error, it would not be proportionate to focus such resource on providing versioning functionality. The proposal in CPW026 will allow CMOS to work effectively at a cost more proportionate to the issue it is seeking to address.

Efficiency

Extensive changes are needed to CMOS if CPW026 is not implemented which would be very resource intensive. This could cause problems for the central system and Trading Parties.

The preventative measure, coupled with the experience in Scotland, demonstrates that the system is able to function efficiently without versioning. Although versioning arguably provides some benefits, on balance these are not considered to outweigh the cost of changing CMOS.

Transparency

Implementing CPW026 will help coordinate the industry's response to supply points which have been deregistered in error. Literature will be produced by MOSL to explain the process which companies must go through so that arrangements for handing incorrectly deregistered SPIDs are clear for all parties.

Decision notice

In accordance with paragraph 7.2.8 of the Market Arrangements Code, Ofwat approves this change proposal.

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