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## Wholesale-Retail Code Change Proposal – Ref CPW025

<b>Modification proposal</b>	Wholesale-Retail Code Change Proposal – Extending TCORR Functionality for Inactive Data Items
<b>Decision</b>	Ofwat has decided to approve this change proposal
<b>Publication date</b>	10 September 2018
<b>Implementation date</b>	May 2019

### Background

Supply Points (SPIDs), Discharge Points (DPIDs) and meters can be deregistered, terminated and removed through a variety of transactions in the Central Market Operating System (CMOS). Once a SPID has been deregistered, all subsequent transactional corrections (TCORRs) submitted to this SPID are rejected.

The purpose of rejecting transactions after deregistering SPIDs is to maintain the quality of the data within the SPID and to ensure that Trading Parties do not inadvertently affect Data Items. This is because it may have consequential impacts on settlements.

### The issue

The Proposer of this Code Modification, South East Water, states that there can be significant impacts on settlement and end-user bills if Trading Parties do not have the ability to alter data for a deregistered SPID.

Currently, when a SPID is deregistered, there can be no further reads added to the meter's read history, and no further amendments to the DPID. Issues occur in these circumstances when:

- inaccurate data exists in CMOS; and
- incomplete data exists in CMOS

Inaccurate data and incomplete data both can have a negative effect on a settlement and the inability to change this could reduce faith in the market. For instance,

incorrect meter reading could be submitted or new information, such as the finding of a leak, could come to light in the future.

The Final Report received from the Panel suggests that the scale of the adverse impact could be large. The Proposer claims that, to date, the financial impact of incorrect Data Items to operational areas of the Proposer's Trading Party is in the region of £10,689,000. Currently, the only way to correct this issue is for a Trading party to request a bespoke data fix.

Analysis carried out by MOSL indicates that an average of 3,200 deregistrations of SPIDs takes place monthly, with 840 monthly erasure of SPIDs. As there are approximately 1.34 million meters, 20,000 Discharge Points and 2.75 million SPIDs in the market, this represents approximately 27,600 meters and 410 DPIDs across the total number of SPIDs deregistered since the beginning of Shadow Market that may contain erroneous data after SPID deregistration.

When submitting the change proposal, the Proposer also claimed that the market functionality would be improved if Trading Parties had access to view and verify data held within CMOS.

### **The modification proposal<sup>1</sup>**

CPW025 seeks to give Trading Parties the capability of submitting certain transactions to CMOS for a SPID that has been deregistered, a DPID (at a Deregistered SPID) that has been terminated or a meter (at a Deregistered SPID) that has been removed in order to amend Data Items.

This code modification proposes that:

- CSD 0105, Error Rectification and Retrospective Amendments, is expanded so that transactions can be submitted for deregistered SPIDs, terminated DPIDs, and removed meters at deregistered SPIDs.

If the Change Proposal is implemented, there will be an impact on three Code Subsidiary Documents (CSDs):

- CSD 0104: Maintain SPID Data - which will require an amendment to state that transactions submitted against Deregistered SPIDs will always be rejected, unless specified in Section 2.8 of *CSD 0105*;

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

- CSD 0105; Error Rectification and Retrospective Amendments – which will require a new section, Section 2.8, to describe the process through which Trading Parties may submit transactions against Deregistered SPIDs. Other minor amendments are needed to adjust section references in the document; and
- CSD 0301; Data Catalogue - which will require an amendment to highlight which specific transactions may be submitted against a Deregistered SPID for periods where it was once tradable.

An impact assessment was submitted by CGI who claim that the cost of implementing this change proposal is c£127,000. This will come out of MOSL's Change budget. The high cost of CPW025's implementation is because 27 new validation rules require development. Performance testing will also be needed.

Generally, Trading Parties have stated that the implementation and ongoing operational costs will be low.

## **Industry consultation and assessment**

CPW025 has had two industry consultations. One prior to the cost-benefit analysis and one after.

The first of which was between December 2017 and January 2018 and, in total, there were 14 respondents: 9 Wholesalers and 5 Retailers. 13 of the 14 respondents agreed with the proposed solution, claiming that the change proposal would facilitate efficiency, simplicity and customer contact principles.

The one Trading Party which disagreed with the Change Proposal, a wholesaler, argued that the implementation could lead to a reduction in due diligence. Furthermore, it claims that the change is not proportional and may favour Trading Parties which submit data correction requests more than others.

After the first consultation, the Panel stated that they could not make a decision because no cost-benefit analysis had taken place. Once the cost of the change had been determined, the Change Proposal was sent for a second consultation. This took place between February and March, 2018.

The second consultation had 13 respondents, of which 9 were Wholesalers and 4 were Retailers. During the second consultation, 11 of the 13 respondents agreed with the proposed solution and noted the implementation cost of £127,000. Among the reasons cited by Trading Parties for agreement with the Change Proposal were:

- Consideration that the change would provide long-term benefits that would ultimately outweigh the cost of implementation;
- Views that the change would bring a useful enhancement to CMOS that two respondents say should potentially exist already;
- Acknowledgement that the change enables errors at Deregistered SPIDs to be more efficiently corrected; and
- Potential financial benefits due to the implementation of this change.

The two Trading Parties who did not agree with the proposal, one Wholesaler and one Retailer, both claim not to have experienced the issues which the Change Proposal seeks to remedy. The Retailer respondent considered the change a 'nice to have', rather than a priority.

## **Panel recommendation**

At the Panel meeting on 27 March 2018, the Panel considered the Change Proposal and the prior consultations and recommended that the Authority approve this code modification on the basis that this change proposal improves the Principles of efficiency, simplicity, cost-effectiveness and security, non-discrimination and customer contact.

## **Our decision**

We have carefully considered the issues raised by the modification proposal and the supporting documentation provided in the Panel's Final Report. We have concluded that the implementation of CPW025 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.

### **Efficiency**

Implementation of the changes will reduce the requirement for third parties to correct inaccurate data, thereby allowing quicker rectification of errors that could affect settlement.

## **Simplicity, cost-effectiveness and security**

The proposed changes will simplify the process through which data amendment is executed.

## **Non-discrimination**

The proposed changes are non-discriminatory, as the additional functionality will be available for both Wholesalers and Retailers, allowing data changes dependent on data ownership.

## **Customer Contact**

Implementation of the changes will allow for changes to data errors to be made quicker, resulting in improved accurate billing to customers.

## **Decision notice**

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

**Emma Kelso**

**Senior Director, Customers and Casework**