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## Wholesale Retail Code Change Proposal – Ref CPW043

<b>Modification proposal</b>	Wholesale Retail Code Change Proposal CPW043 – Drafting Clarifications for CPW028
<b>Decision</b>	The Authority has decided to approve this change proposal
<b>Publication date</b>	19 October 2018
<b>Implementation date</b>	26 October 2018

### Background

Incorrectly paired supply points in the Central Market Operating System (CMOS) have been identified as a high priority data issue for market participants. CMOS holds the data of each supply point (SPID) and this is accessible to both Wholesalers and Retailers. Issues with the data in CMOS can limit the effectiveness of the retail market.

Currently, there are approximately 450,000 SPIDs which are unpaired in England. This means that there are around 450,000 premises which could have only one water or sewerage provider. A certain number of eligible premises are expected to receive only one type of service. However, concerns have been raised that the number of eligible premises currently in the market with only one type of service appears unduly high.

Unpaired SPIDs can create a range of issues, including the wrong calculation for charges being submitted to the customer, which can impact on customers' trust and confidence in the water market.

Previously, the CMOS platform did not promote the identification of genuinely unpaired SPIDs. Therefore, a proposal to enhance the existing functionality available in the Central Systems and introduce new functionality in order to support data improvements and sustainable management of SPID pairing activities was approved (CPW028).

## The issue

Work conducted following the approval of CPW028 has identified ways in which systems can be better aligned, and processes can be further improved. The CMOS design and development stage for CPW028 has identified those issues to be addressed.

The approved drafting of CPW028 has been identified as creating inconsistencies with other areas of the market codes. It is also prescribing processes which are not as efficient as they could be. The operational inefficiencies created will result in further unnecessary work by trading parties if not addressed.

It is considered that the approved drafting of CPW028 would benefit from further clarification and improvements in order to ensure that the functionality delivered to trading parties is fully delivering the intention and scope of CPW028.

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

There are four changes proposed in order to address the issues outlined above and to give effect to the full scope and intention of CPW028. These are:

1. To remove the requirement in CSD 0101 (Registration: New Supply Points) to use the T137.M/T137.W data transactions to report on unpaired SPIDs (section 2.2.8) as it is no longer accurate. The intention is to align CSD 0101 and CSD 0302 and the redesigned unpaired SPIDs report in CPW028. This will create consistency and clarity in reporting unpaired SPIDs
2. To increase the character length of the Pairing Reference Reason Code (D2083) as defined in CSD 0301 from 12 to 14 characters. This will accommodate the new valid value of NE\_CROSSBORDER introduced in CPW028. This will align CSD 0301 with the intention of CPW028.
3. To align the conditions in which the "OTHERSPID" value of the 'pairing reference reason code' can be provided on the T155.W (Update Pairing Details) with the conditions for T101.W (Request New SPID). This is because

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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>

CPW028 introduced the statement that if the 'pairing reference reason code' has the value "OTHERSPID" then the pairing reference can also be provided. In order to ensure the correct and intended use of the pairing reference and the 'pairing reference reason code' a statement needs to be removed from CSD 0301. The statement that needs to be removed is "unless D2086 is OTHERSPID, in which case D2009 can also be provided". By implementing the statement as it stands, a number of data inconsistencies will be created in the CMOS database. This change will ensure the correct use of the data items as described in the market codes, and ensure a robust process.

4. Relax the validation performed on the 'other wholesaler ID' on the T155.W such that if submitted and it matches with the actual other wholesaler at the eligible premises for paired supply points, the data transaction is accepted, rather than rejected as it is presently. This will make the process more efficient, and will update section 12.1.1 (c) of CSD 0104.

## **Industry consultation and assessment**

The Panel did not consult on this Change Proposal. This is because MOSL considered that the Change Proposal covers snagging issues identified in giving effect to the scope and intention of CPW028. There were 18 respondents to the consultation on the original proposal and all 18 (13 Wholesalers and 5 Retailers) supported CPW028.

We agree that it would not be proportional to have a consultation on this proposal.

## **Panel recommendation**

The Panel considered this change proposal at its meeting on 25 September 2018. It recommended, by a unanimous decision, that the Authority approve this proposal on the basis of improving the principles of efficiency, transparency, simplicity, cost-effectiveness and security. The recommended date of implementation is 26 October 2018.

## **Our decision**

We have 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 CPW043 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**

We set out below our views on which of the applicable Code principles are better facilitated by the modification proposal.

### **Transparency**

Improving the quality of data in the CMOS Portal and Market Dataset Reports will result in better data maintenance across the sector. Data will be corrected within the system. This will improve the accessibility for trading parties. The proposed changes will improve clarity of process and consistency of market codes with each other.

### **Efficiency**

The proposed changes will remove areas of inconsistency identified during design and development, and increase the effectiveness of processes related to unpaired SPIDs.

### **Simplicity, Cost-effectiveness and Security**

The changes provide clarity on how certain market processes operate, eliminating cases where inefficient processes or practices are followed.

## **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**