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## Wholesale Retail Code Change Proposal – Ref CPW044

<b>Modification proposal</b>	Wholesale Retail Code Change Proposal – CPW044 – Aligning the codes with market use of digital certificates
<b>Decision</b>	The Authority has decided to approve this change proposal
<b>Publication date</b>	20 November 2018
<b>Implementation date</b>	3 December 2018

### Background

The Market Operator (MOSL) publishes Reports and other documents which are of interest to Trading Parties on secure sites such as File Transfer Protocol (FTP) servers and SharePoint locations. Trading Parties access and download the documents and Reports by logging on to these secure sites using credentials provided by MOSL. Code Subsidiary Document (CSD) ‘0302 – *Standing Reports and Data Extracts*’ outlines that Trading Parties are able to access and download Reports which they have permission to view, such as Settlement Reports, Market Dataset (MDS) Reports, Tariffs Reports etc.

The codes provide that Trading Parties and the Market Operator must exchange the public key part of their organisations’ digital certificate<sup>1</sup> to use the interfaces which enable access to Reports and other documents they have permission to view. MOSL does not ‘push’ these documents and Reports to Trading Parties by publishing these directly to Trading Parties’ servers. Documents and notifications are queued by MOSL on its systems, which makes them available to Trading Parties and allows them to access and download. However, a Trading Party must have its request authenticated in order to access the MOSL system, which allows MOSL to audit and control which Trading Parties have actively retrieved notifications.

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<sup>1</sup>Digital procedures, including the use of public keys and digital certificates, are outlined in Code Subsidiary Documents (CSD) 0006 - *Trading Party Administration and Notification Process* and 0400 - *Common Interface Technical Specifications*.

## The issue

The Non-Household (NHH) retail market is governed by codes which were written prior to the Central Market Operating System (CMOS) being developed and going live. As the codes were written prior to CMOS being deployed, they were written to implement a perceived manner of operation. However, some digital processes are handled differently in practice to how they are written in CSDs '*0006 - Trading Party Administration and Notification Process*' and '*0400 - Common Interface Technical Specifications*'.

The market codes direct MOSL to share its public key and digital certificate with Trading Parties. This allows the Trading Parties to install the certificate onto their own servers and undertake additional validation. The Final Report highlights that this is not an appropriate manner of operation as the reports and publications are not published directly onto the Trading Parties' servers by MOSL. Trading Parties have shared the public keys of their own digital certificates with MOSL from as early as the shadow market in October 2016; however, MOSL has not replicated this practice.

Failure to align what is written in the market codes with what is done in practice would result in MOSL and the Trading Parties having to undertake redevelopment and testing projects, in order to be compliant with the market codes. As all Trading Parties interact with MOSL to access its servers, it would mean all Trading Parties would be required to make changes to their systems. Such projects carry significant risks, as any incorrect development could result in data breaches or other incidents. This change proposal therefore negates the need for such redevelopment and testing to be undertaken.

## The modification proposal<sup>2</sup>

In order to align the processes detailed within two CSDs to the actual manner in which digital certificates are handled by Trading Parties and MOSL, changes are proposed to be made to CSD 0006 and 0400 to:

- Remove wording which states that MOSL must pass the public key part of its digital certificate to Trading Parties;
- Remove sections which require Trading Parties to install and validate the digital certificate provided by MOSL; and

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<sup>2</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>

- Provide additional clarity on the information presented to users of the CMOS portal.

## **Industry consultation and assessment**

The Panel did not consult on this Change Proposal. We consider this to be proportionate given the nature of the proposed change.

## **Panel recommendation**

The Panel considered this change proposal at its meeting on 25 September 2018. It agreed by unanimous decision to recommended to the Authority that it approves this proposal on the basis of improving the principles of efficiency, transparency, simplicity, cost-effectiveness and security. The recommended date of implementation is 3 December 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 CPW044 will better align the market codes with existing operational processes, and therefore 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.

### **Efficiency**

This Change Proposal furthers the principle of efficiency by ensuring alignment of the use of digital certificates by Trading Parties and MOSL and the relevant provisions in the market codes, therefore removing the unnecessary interaction between Trading Parties and MOSL.

### **Transparency**

This change proposal will amend market codes to outline how market processes (in terms of the management of digital certificates) are actually undertaken, and therefore increases transparency.

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

The solution for this issue is simple in its implementation, as existing processes will not be required to change. The Panel also state it believes the change will positively impact General Data Protection Regulation (GDPR) and security provisions.

## **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**