
Wholesale Retail Code Change Proposal – Ref CPW051

Modification proposal	Wholesale Retail Code Change Proposal – CPW051 – Market Incident Management Plan amendments
Decision	The Authority has decided to approve this Change Proposal
Publication date	26 March 2019
Implementation date	29 March 2019

Background

Recently a business continuity management system has been implemented by the Market Operator (MOSL), to help protect both itself and the wider market (the Market Incident Management Plan). Following its implementation the system will be put forward for Business Continuity Management Standard ISO 22301 accreditation. This accreditation will confirm all relevant requirements have been met, including adherence with the regulatory obligations. Code Subsidiary Document (CSD) 0007 sets out the requirements for the system.

The issue

In order to achieve ISO 22301 accreditation, full compliance with business continuity requirements specified in the market codes is essential. Currently there are a small number of obligations within CSD 0007 which are non-compliant, due to the challenges involved in their implementation. Such as, currently CSD 0007 states that during a Central Market Operating System (CMOS) outage there must be a capability to retain a working interface at all times, however in actuality this is not possible, as with any system a fully working interface cannot be guaranteed to be live at all times.

This Change Proposal seeks to align the requirements specified in CSD 0007 with the actual implementation of the CMOS. In addition, there will be a number of house-keeping changes which will ensure the requirements are proportionate in terms of

the defined levels of resilience being applied to production systems, and precise in the failover quality expectations being clear.

The modification proposal¹

When CPW051 was initially presented to the Panel in December 2018, there was pushback with the proposed removal of sections 4.2.3 and 4.2.7 in CSD 0007. It was suggested that these sections were reworded to reflect and align with the current functionality of CMOS, rather than both sections being removed completely. The panels request has been agreed, and therefore in order to align the requirements specified in CSD 0007 with the actual implementation of CMOS, changes will be made to CSD 0007 as detailed below.

- Rephrase Section 4.2.3 of CSD 0007
This section refers to the ability of Trading Parties to complete transactional processes while CMOS is experiencing disruptions. When an outage occurs it would be impossible to create sufficient resilience where interfaces would remain live. Therefore, clarification is required to stipulate Trading Parties would not be able to perform transactional processes whilst CMOS is experiencing disruptions.
- Rephrase Section 4.2.5 of CSD 0007
This section refers to the technical capabilities of MOSL, in ensuring any 'failover' will have 'little impact on Trading Parties'. It is deemed this requirement is subjective, and therefore prevents MOSL from assuring that it has been fulfilled. It is proposed that clarity is added to this section, so that Disaster Recovery tests can validate compliance.
- Rephrase Section 4.2.7 of CSD 0007
This section refers to MOSL continuing to provide a synchronous response to Trading Parties through interfaces whilst CMOS is unavailable. However, should CMOS experience an outage, it would limit the capabilities of MOSL, and therefore clarification is required to specify interfaces will be unavailable whilst CMOS is experiencing disruptions.
- Amend Market Operator Systems definition in CSD0007
The capacity of CMOS is defined under Section 1.2.1 of CSD 0002, however the current definition includes non-production instances of CMOS. It is

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

deemed the definition is too expansive, and should be amended to cover only the production instances of CMOS.

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 29 January 2019. It agreed and recommended, that the Authority approve this proposal on the basis of improving the principles of proportionality and transparency. The recommended date of implementation is 29 March 2019.

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 CPW051 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.

Proportionality

This Change Proposal ensures that the resilience of MOSL systems is achievable in a cost-effective manner.

Transparency

This Change Proposal will correct CSD 0007 to outline how market processes are actually undertaken and expectations during a CMOS outage, and therefore increases transparency for all.

Efficiency

Trading Parties will not have unrealistic expectations of MOSL and CMOS in the event of an outage, preventing them from attempting to process unnecessary transactions.

Decision notice

In accordance with paragraph 6.3.7 of the Market Arrangements Code, Ofwat approves this Change Proposal.

Emma Kelso

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