
Wholesale Retail Code Change Proposal – Ref CPW104

Modification proposal	Wholesale Retail Code Change Proposal – CPW104 - Housekeeping changes to facilitate the Performance Regime introduced in April 2020
Decision	The Authority has decided to accept this Change Proposal.
Publication date	12 January 2021
Implementation date	15 February 2021

Background

CSD 0002 (the Market Performance Framework) defines the processes, methods and incentives designed to support the delivery of satisfactory performance levels by Trading Parties against a set of key performance indicators and obligations. This includes Market Performance Standards (MPS) that are in place to monitor and incentivise market activities amongst Trading Parties. Their purpose is to ensure the accurate and timely operation of the market, where Retailers and Wholesalers are charged for underperformance against the standards for which they are respectively responsible.

Change Proposals CPW078 and CPM020; '[Priority Performance Regime Changes for April 2020](#).' were implemented by the Market Operator (MOSL) in April 2020. These Change Proposals amended the Time Parameters for several MPS calculations, as well as their invoicing timeframes. This package of changes was designed to enhance financial performance incentives, encourage better submission of meter reads and improve data quality and ensure appropriate use of data submission channels.

The issue

Change Proposals CPW078 and CPM020 were implemented in CSD 0002 but not reflected in other related CSDs. CPW078 also introduced a one-time exclusion of legacy long unread meters from the calculation of MPS 18 (Missed Meter Read for twice yearly meters) charges. However, there was a miscalculation in the date at which this event would first appear. CSD 0002 currently states that the legacy long unread meters would appear in MPS 18 for July 2020, rather than for November 2020. CPW0104 seeks to address these issues.

Since the publication of the Final Recommendation Report, we have been in contact with MOSL to clarify how the miscalculation relating to the one-time exclusion of legacy long unread meters from the calculation of MPS 18 occurred. We understand this occurred because the calculation was based on 200 days since the last spike in charges (seen late 2019) rather than 200 days since the last point of failure (seen in January 2020).

The Change Proposal¹

This housekeeping Change Proposal seeks to amend four CSDs of the Wholesale Retail Code (WRC), in order to align with the changes made by CPW078. These are:

- CSD 0302 – Standing Reports and Data Extracts
- CSD 0202 – Meter Read Submission: Process
- CSD 0102 – Registration: Transfers; and
- CSD 0002 – Market Performance Framework.

The proposed amendments are detailed in the attachments to the Panel's [Final Recommendation Report](#), but have been summarised below:

- CSD 0302 will be updated to align the timeframes for the calculation of MPS performance and publication of MPS and Operational Performance Standards (OPS) reports with those proposed by CPW078, i.e. performance calculated on or after the 11th Business Day and reports published no later than the 16th Business Day of the month.
- CSD 0202 and CSD 0102 will be updated to set out the new meter read and meter read submission timeframes as implemented by CPW078.

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>

CPW078 stated that, for MPS 16 (Late Meter Read Submission), the Time Parameter 1 window for meter read submission is extended from 5 to 8 business days. For MPS 17 (Missed Meter Read), CPW078 extended the Time Parameter 1 window for taking reads to -2 to +7 business days, from -2 to +2 days.

- CSD 0002 will be updated to exclude legacy long unread meters, on a one-time basis, from the calculation of MPS 18 charges due to failures appearing in November 2020.

The Final Recommendation Report states that this Change Proposal must be implemented on or by 14 December 2020 in order to prevent a material and incorrect performance charge being applied to Retailers. However, we have since received a request from MOSL to align the implementation of this change Proposal, with the next scheduled code release in February 2021. This is because MPS and OPS charges have now been suspended until end-December 2020, in-light of the COVID-19 pandemic.

Industry consultation and assessment

There was no industry consultation or assessment for this Change Proposal. The Proposer stated that this was due to CPW0104 representing a simple housekeeping change to update the WRC to align with a previously approved Change Proposal, CPW078. The Proposer also stated that progression and implementation needed to be expedited to ensure implementation on or before 14 December 2020, so that Retailers can be granted a one-time exclusion for MPS 18 charges relating to legacy long unread meters as agreed in CPW078. However, as stated above, this deadline is no longer relevant because MPS and OPS charges have been suspended until the end of December 2020.

Panel recommendation

The Panel considered this Change Proposal at its meeting on 27 October 2020, where members unanimously agreed to recommend the Change Proposal for approval (12 votes in favour). The Panel Chair abstained from the vote which was the preferred position having only been appointed to the role in September 2020.

The Panel restated the importance of the implementation date to ensure that the charges for legacy long unread meters are not invoiced and that any potential adverse impact on customers can be avoided.

Our decision

We have considered the issues raised by the Change Proposal and the supporting documentation provided in the Panel's Final Recommendation Report, and have decided to accept the proposal.

Reasons for our decision

We believe the Change Proposal is a necessary exercise to ensure that the amendments made by the implementation of CPW078 are consistent across all relevant CSDs. We consider that this Change Proposal furthers the principle of Transparency, as it will ensure clear drafting and consistent adoption of CPW078.

That said, we would like to emphasise the importance of ensuring that Change Proposals and the analysis underpinning them are accurate and appropriately assured in order to avoid further amendments such as these being required in future.

We would also like to highlight that when reviewing this Change Proposal we found an inconsistency between the Final Recommendation Report and the legal drafting. We have since clarified this with MOSL and can confirm the change that is required to CSD 0202 – Meter Read Submission: Process, is to 3.5.1 (a), as set out in the drafting and not as incorrectly referenced in the Final Recommendation Report.

Decision notice

In accordance with paragraph 6.3.7 of the Market Arrangements Code, the Authority accepts this Change Proposal.

Georgina Mills
Director, Business Retail Market