

## Wholesale Retail Code Change Proposals – Ref CPW112

<b>Modification proposal</b>	Wholesale Retail Code Change Proposals – CPW112: Clarifications to CSD 0102 and CSD 0105
<b>Decision</b>	The Authority has decided to approve this Change Proposal
<b>Publication date</b>	26 April 2021
<b>Implementation date</b>	14 May 2021

### Background

During a review of the market codes, the Market Operator (MOSL) has identified inaccuracies affecting Code Subsidiary Document (CSD) 0102 Registrations: Transfers, specifically, Step J: submit Transfer Read(s). This arose from a misalignment between the described behaviour in the submission of Transfer Reads in the CSD and CMOS functionality.

At the same time, some Trading Parties have raised with MOSL that there is uncertainty around the rectification process and timescales. The issues raised relate to the correct approach whenever the Effective From Date of the Data Item is older than eight months within CSD 0105 (Error Rectification and Retrospective Amendments).

### The issue

#### CSD 0102

As described in CSD 0102 section 2.2, Retailers are expected to submit Transfer Reads where a metered service component is attached to the SPID. In cases where a sewerage supply point has a metered service component associated with a water meter, incoming Retailers must also submit a second Transfer Read against the water SPID. Transactions where the submission of the second read is late are chargeable against the water SPID under the rules of Market Performance Standard 16 within the Market Performance Framework (MPF). CMOS design followed this process until November 2019.

In February 2019, MOSL agreed that this process could be improved and added a system enhancement within release seven. This enhancement only required Retailers to submit one transfer read for the meter rather than two for the different Service Components. However, CSD 0102 was not updated to reflect this change and now the CMOS design is not aligned with the CSD. This means that any charges where a second read was submitted late against the sewerage service component are no longer detectable. Only the charges where a transfer occurred before the CMOS enhancement can be found.

## **CSD 0105**

Several Trading Parties have raised concerns about the clarity of the rectification process and timescales. Section 2.5.3 of CSD 0105 states that when “the proposed Effective From Date for the Retrospective Amendment is either within the current Month or the previous eight (8) Months, then a Self-Certified Retrospective Amendment may be used to correct the data”. This has resulted in numerous requests to MOSL to confirm the right approach whenever the Effective From Date of the Data Item is older than eight (8) months.

## **The Change Proposal<sup>1</sup>**

The Panel’s Final Report summarises two proposed changes to the following WRC CSDs:

- 1) **CSD 0102:** Wording amendments have been proposed to align the CSD with the current design of CMOS. Section 2.32.2a and 2.32.2b will be removed from the CSD as the outlined steps are no longer part of the process that CMOS handles. Also, wording amendments to 2.32.2 have been made to remove capitalisation on ‘water meter’ and to reference that the Incoming Retailer is only to submit a Transfer Read for the water meter.
- 2) **CSD 0105:** Changes have been proposed to section 2.5.8 to clarify the type of Retrospective Amendment to be used when the proposed Effective From Date is older than eight months.

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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>

## **Industry consultation and assessment**

An industry consultation for CPW112 was not undertaken. The Panel Final's Report states that it was deemed not necessary on the basis that CPW112 is a simple Change Proposal that seeks to update the WRC CSDs to align with the correct CMOS behaviours and to clarify the approach to the rectification process. As such, no impacts on Trading Party systems or processes have been identified.

## **View from the Customer Representative**

The Customer Representative (CCW) stated that they agree with the change outlined, which seeks to ensure that CMOS functionality is correctly aligned with the relevant provisions within CSD 0102. They note that whilst this change may not have any direct customer impact, ensuring that such an issue is addressed may ultimately benefit customers as a result of the market operating more efficiently. Once identified, it is important that such misalignments are rectified as soon as possible, particularly where visibility of any MPF failures is being impaired.

CCW also stated that they agree that a change to the codes would be the simplest and most effective way of resolving the issues highlighted, rather than undertaking more intensive work to recalculate MPF charges for the period in question. They noted that they also agreed with the proposed clarification on the timescales for retrospective amendment within CSD 0105. Any confusion regarding the rectification of data items may impact customers if errors remain incorrect, which may potentially result in billing and charging inaccuracies. As such, it stated that the proposed amendment will hopefully make the process clearer for Trading Parties, and reduce the scope for errors.

## **Panel recommendation**

The Panel considered CPW112 at its meeting on 23 February 2021, where members agreed unanimously to recommend the Change Proposal to Ofwat for approval (14 votes in favour). The Panel noted that the suggested implementation dates set out in the Panel's Final Report were driven by the scheduled code releases.

## **Our decision and reasons for decision**

We have considered the issues raised by the Change Proposals and the supporting documentation provided in the Panel's Final Report and have

decided to approve the proposal. We have concluded that the implementation of CPW112 will better facilitate the principles and objectives of the WRC and is consistent with our statutory duties. The implementation date will be 14 May 2021.

We consider that implementation of the proposed amendments will further the principle of **transparency**. The change clarifies legal text in the CSD to align with CMOS, this should help to ensure that a consistent approach is followed by Trading Parties when submitting Transfer Reads and performing retrospective amendments. This aids interpretation and ultimately, effective market operation. We agree with the Panel's assessment that the principle of **simplicity, cost-effectiveness and security** is furthered. The changes are simple and the Panel's Final Report indicates that there are no costs involved in implementing the amendments. Finally, we also agree that the principle of **efficiency** is met by improving the Transfer Read submission process and retrospective amendments.

When assessing future CMOS changes, MOSL/the Panel (as appropriate) should give consideration to whether a consequential Change Proposal may be required and whether a consultation on the proposal is necessary. Where a Change Proposal is required, this should be made by the time any changes to CMOS are implemented. Change Proposals should however be prioritised effectively to ensure that those which are likely to achieve the most benefits for customers and the market are raised and progressed as efficiently as possible.

## **Decision notice**

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

**Georgina Mills**  
**Director, Business Retail Market**