

Market Arrangements Code Change Proposal – Ref CPM050

Modification proposal	Market Arrangements Code – Ref CPM050 – Data cleanse funding
Decision	The Authority has decided to approve this Change Proposal
Publication date	11 May 2023
Implementation date	22 May 2023

We are approving this Change Proposal.

CPM050 creates a charging framework to allow progression of the initial phase of the central Data Cleanse project identified in MOSL's 2023–26 Business Plan. Ofwat set out its support for this programme of work, and the proposed approach to the associated funding of this initial phase, in [our response to MOSL's Business Plan](#) specifically highlighting the need for a sharper focus on good quality data to underpin the market.

Ofwat has consistently highlighted that poor quality customer, consumption and asset data can significantly undermine the customer experience and is one of the three main 'market frictions' that are preventing the market from working effectively and delivering better outcomes for customers. We therefore consider that this proposal is an important enabler for this programme of work and will benefit customers and the market through the improved quality and accuracy of Wholesaler owned data items.

Background

The 2023–26 MOSL Business Plan includes a project to carry out a central data cleanse of market data funded via Market Operator (MO) charges. The initial phase of the project focuses on:

- Data cleanse of non-eligible premises records
- Pilot activities to ascertain the viability of data cleansing Wholesaler premises and address data.

MO charges are collected via the charging framework as set out in Schedule 6 of the Market Arrangements Code (**MAC**). This initial phase of the programme is to be funded by Wholesalers only, due to the focus on the obligations which are Wholesaler owned data items.

The issue

The current charging framework as detailed in the MAC splits all MO charges evenly between Wholesalers and Retailers and such charges are calculated in accordance with their share of the total registered supply points in the market.

Currently, there is no mechanism within the charging framework to assign the costs of a project to Wholesalers (or Retailers) only. Without an applicable mechanism to assign the MO charges appropriately, the data cleanse is unable to commence.

The Change Proposal¹

This change was proposed by MOSL and the [Final Recommendation Report](#) explains how CPM050 will create a new Data Cleanse charging framework that will apply to Wholesalers only in this instance. Retailers will not be liable for data cleanse charges for the initial phase of this project. The change will be used to fund the initial phase of the data cleanse project only and will consist of:

- Identifying and removing non-eligible, demolished and duplicate supply points.
- A pilot for a Unique Property Reference Number (UPRN) cleanse with Wholesalers. This will identify missing UPRN's and resolve incorrect UPRNS. If the pilot is successful it will be introduced from Q4 2023/24.
- A pilot to cleanse Valuation Office Agency (VOA) Billing Authority Reference Numbers with Wholesalers. This will identify missing VOAs and if the pilot is successful it will be introduced from Q4 2023/24.
- A pilot for an address data cleanse with Wholesalers and is successful will be implemented in Q4 2023/24.

The funding raised by this new charge will be in place until the end of the 2025/26 financial year and will be dependent on MOSL members' yearly approval of the MOSL Business Plan. Should an extension be required then a further code change would be needed along with Ofwat approval.

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>

The creation of this charging framework does not affect other MOSL activities that will remain funded by both Wholesalers and Retailer through the standard MO charging framework.

The proposed implementation set out in the [FRR](#) is 17 days following Ofwat's approval of the change. However, following discussion with MOSL, we have decided to implement this change seven (7) days following our approval.

Industry consultation and assessment

The [consultation](#) for this change was undertaken between 11 and 25 January 2023. Seven Wholesalers and six Retailers responded to the consultation. One Wholesaler and two Retailers confirmed that they had reviewed the consultation but did not have any comment to make.

Full details of the consultation responses can be found [here](#). Six respondents (four Retailers and two Wholesalers) were in favour, and four Wholesalers were against the creation of the framework.

Of the respondents that agreed with the change, one Wholesaler stated that as the items in scope of the initial phase were Wholesaler owned data items it was likely that these had been incorrect since market opening and therefore it was correct that Wholesalers should fund this initial phase.

Of those responses that did not agree with the proposal, key issues raised were:

- The change is discriminatory as it only charges one type of Trading Party and could set a precedent that future market improvement activities will only be paid for by Wholesalers
- The legal drafting was unclear if activities following the pilot would be funded by Wholesalers
- The drafting does not protect Wholesalers from unexpected charging such as additional programme funding
- The change does not incentivise MOSL to ensure that costs are incurred efficiently and can be queried
- Additional obligations are needed to ensure that Wholesalers not only undertake the necessary data cleanse but do it in a timely manner

Views of the Customer Representative

CCW provided the following view on the change:

“We are generally supportive of the proposal to create a charging framework to enable Wholesalers to fund the initial phase of the data cleanse project. In our response to MOSL’s Central Data Cleanse consultation, we agreed that Wholesalers should fund the first phase given the responsibility they have for the data items covered, and their role in determining market eligibility. Therefore, we agree that CPM050 will deliver the required change to allow this to happen. While we generally support the creation of a Wholesaler-only charging framework, it is important to clearly set out the scope of what is covered and include an end date for the initial phase. In our consultation response, we highlighted that wholesalers and retailers should both contribute to the funding of future data cleanses to reflect the joint responsibility they share for other data items in the market. A clearly defined scope for the proposed charging framework should, therefore, allow this different approach to take place for future phases of this work. In addition, as set in our response to MOSL’s 2023–26 business plan, we expect the central data cleanse activity to be a one-off exercise. It should not become a continuous service acting as an alternative to trading parties properly maintaining data quality on an on-going basis. This is another reason why it is important to clearly set out the scope of the data cleanse activity that will be chargeable under the framework. We want to see strong incentives applied under the revised Market Performance Framework (MPF) to ensure Trading Parties are maintaining data to a high standard”.

Code Chance Committee (CCC) discussion and recommendation

The CCC considered this Change Proposal at its meeting on 8 March 2023. It recommended, by unanimous decision, that the Authority approve this proposal. The CCC noted the inclusion of the data cleanse project in MOSL's 2023/24 Business Plan and that the principle of only Wholesalers paying data cleanse charges as detailed in CPM050 had been approved by MOSL's members in a special resolution.

The CCC discussed the need for adequate monitoring of spend and progress to ensure that MOSL deliver the work in an efficient manner to budget.

The CCC also noted that MOSL will establish a working group made up of Trading Parties that will function in a similar manner to that of the MPF reform and Bilateral hub projects. The working group will aid MOSL in the initial phase implementation, track progress and inform the scope of data cleanse requirements in the 2024/25 MOSL Business Plan.

This recommendation has been made on the basis of furthering the Primary Principle as customers should benefit indirectly from increased quality of market data stemming from any subsequent data cleanse. Additionally, the recommendation should further the principle(s) of continued development and sustainment of an effective market, seamless Non-Household customer experience and transparency and clarity. The CCC

recommended the date of implementation is 17 days following the approval of this change.

Our decision and reasons for our decision

We have considered the issues raised by the Change Proposal and the supporting documentation provided in the CCC Final Recommendation Report and have decided to approve the proposal. We have concluded that the implementation of CPM050 will better facilitate the principles of the MAC detailed in Schedule 1 MAC, Principles and Definitions, and is consistent with our statutory duties.

We think that this proposal will further the **Primary Principle** as it will improve current and future customers' experience through an improvement in the quality of market data stemming from this work and any subsequent data cleanse projects. We agree that this change will also further the principle of **continued development and sustainment of an effective market** and **seamless non-household customer experience** by enabling the funding of important data cleanse activities that improve the underlying quality of market data. It will also improve accuracy of premises address and billing data which in turn reduces the risk of incorrect or inconsistent charges.

Ofwat sees improving the quality of market data as a non-negotiable and is therefore fully supportive of efforts to improve the quality of data in the market. As we have consistently highlighted, included in our most recent [State of the Market Report](#), poor quality customer, consumption and asset data can significantly undermine the customer experience.

It is Ofwat's view that this change is not discriminatory given the scope of the initial phase of the data cleanse project is focused on Wholesaler owned data items only. We are also satisfied that MOSL members voted on the funding of the data cleanse through a special resolution which requires 75% of Wholesalers to vote in favour to pass any special resolution.

We acknowledge the concern in consultation responses that the change could set a precedent for the funding of future MOSL improvement programmes. However, we note that this change is facilitative only and relates specifically to the initial phase of the data cleanse project. We also note that any extension to the standard charging framework beyond the 2025/26 financial year would be subject to approval from MOSL members and Ofwat where a code change is required.

Decision notice

In accordance with paragraph 7.2.9 of the Market Arrangements Code, the Authority approves this Change Proposal.

Dan Mason
Director, Business Retail Market