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## Wholesale Retail Code Change Proposal – Ref CPW024

<b>Modification proposal</b>	Wholesale Retail Code Change Proposal CPW024 - Settlement Renaming and Report Issuing Updates
<b>Decision</b>	Ofwat has decided to accept this change proposal
<b>Publication date</b>	20 November 2017
<b>Implementation date</b>	1 December 2017

### Background

The Wholesale-Retail Code (WRC) sets out the relationship between wholesalers and retailers, and how the market operates. The WRC includes a number of Code Subsidiary Documents (CSD), which are the detailed processes and responsibilities that further describe and facilitate the performance of duties under the Market Terms, as set out in Schedule 1 Part 4 of the WRC.

After market Go-Live on 1 April 2017 a number of Trading Parties have requested Unplanned Settlement Runs to correct data within CMOS that has caused material changes in charges from the true settlement charge value. The naming conventions for such Unplanned Settlement Runs are detailed within CSD 0201: Settlement Timetable and Reporting, and includes illustrative examples of the naming conventions to be used to label each Settlement Report as well as the manner in which Settlement Reports are issued to Trading Parties.

Upon review by MOSL, two issues were identified and are detailed below:

1. Firstly, section 2.3.11 of CSD 0201 details the naming conventions used when issuing Unplanned Settlement Reports. It is suggested by the Proposer of this change that the example given in this section is misleading as the Codes require successive numbering for Settlement Report labelling and not consecutive numbering as given in the example; and
2. Secondly, section 2.6.12 of CSD 0201 details the required settlement file naming conventions. The Proposer of this change recommends an amendment to the format so that rather than issuing zip files for each Wholesaler–Retailer pair, a single zip file would be generated containing the files for each Wholesaler-Retailer pairing. This is the file arrangement that CMOS currently uses when generating settlement reports.

This proposal therefore seeks to amend the example given in CSD 0201: Settlement Timetable and Reporting, to differentiate between consecutive and successive numbering and also makes changes to how the files are issued to Trading Parties.

## **The issue**

### **Unplanned Settlement Run Naming Convention**

Section 2.3.11 of CSD 0201 details the naming conventions used when issuing Unplanned Settlement Reports. The code currently stipulates that the Market Operator shall distinguish between each Unplanned Settlement Report from an original settlement report by appending successively each reissue of the same run type for the same Invoice Period for the same Wholesaler-Retailer pair.

The example given in this section for the successive labelling of reports is given as:

“RF-1”, “RF-2”, “RF-3” and so on.”

MOSL, as the Proposer of this change, believes that the example given is misleading as the example is consecutive i.e. gets larger by 1 each time, and is seeking to change the Code so that the examples are successively labelled but not consecutively labelled.

Currently, the successive labelling and not consecutive labelling is used when Unplanned Settlement Reports are issued. The Proposer contends that the system build of the Central Market Operating system (CMOS) cannot easily facilitate the automated implementation of the above naming convention without further system alterations and would introduce unnecessary costs to the market.

### **Issuing of Settlement Reports**

Section 2.6.12 of CSD 0201 gives the specification for how the Settlement Reports are issued as:

‘WWW\_RRR\_YYYY\_MM\_TTT.zip where,

- (a) WWW – indicates the Wholesaler;
- (b) RRR – indicates the Retailer;
- (c) YYYY\_MM – indicates the Invoice Period, with YYYY being the year as a four digit integer, and MM being the month as a zero padded two digit integer, with “01” representing January and so on; and

(d) TTT – indicates the type of the run, for example “R1, “R2-2”, or “R3-TA1”.’

In this arrangement, Settlement Reports are issued as an individual zip file with reports for each Wholesaler-Retailer pairing.

### **The modification proposal<sup>1</sup>**

This Change Proposal has been proposed by MOSL (‘the Proposer’) and it seeks to amend the example given in CSD 0201: Settlement Timetable and Reporting, to differentiate between consecutive and successive numbering. It also makes changes to how the files are issued to Trading Parties.

The Proposer believes that CSD 0201, in particular Sections 2.3.11 and 2.6.12, should be amended to align the Code to the current way in which Settlement Reports are issued. A summary of these amendments is provided below.

#### **Unplanned Settlement Run Naming Convention**

The proposed updates to Section 2.3.11 amend the example so that it is successive and not consecutive numbering. This is how labelling is currently used when Unplanned Settlement Reports are issued, and therefore does not require a change to CMOS functionality.

#### **Issuing of Settlement Reports**

It is proposed that the way in which Settlement Reports are issued is amended so that a single zip file is issued per Wholesaler and per Retailer. For example, if Wholesaler x had tradable SPIDs with Retailer x and Retailer y, from the perspective of Wholesaler x the zip files would be issued as a single zip file.

It is recommended that these modifications come into effect on 1 December 2017.

#### **Panel recommendation**

At its meeting on 31 October 2017, the Panel recommended implementation of CPW 024 to the Authority on the basis of improving the principles of efficiency, transparency and simplicity, cost-effectiveness and security.

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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>

## **Our decision**

We have carefully considered the issues raised by the modification proposal and the supporting documentation provided in the Panel's recommendation report. We have concluded that the implementation of CPW024 will better facilitate the principles and objectives of the WRC, 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.

### **Transparency**

We agree with the Panel that this change will provide clarity to Trading Parties of the possible Unplanned Settlement Run file names.

## **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**