

WHOLESALE-RETAIL CODE CHANGE PROPOSAL/ CHARGING CHANGE PROPOSAL

Change Proposal Reference <i>(To be completed by the Panel Secretary)</i>	CPW023	Version No	1.0
Type of Change Proposal: <i>(delete as appropriate)</i>	Change Proposal		
	Charging Change Proposal		
Submission Date	17/10/2017		
Title: of Change Proposal/Charging Change Proposal	Market Entry and Reassurance Updates		
Summary: of Change Proposal/Charging Change Proposal <i>(40 to 50 Words Maximum)</i>	Amendments to CSD 0001 and the Market Terms to streamline market entry code documentation and re-align with the licencing and appointment processes.		
General Details of the Proposer			
Name of Proposer	Emma Taylor		
Capacity (to submit Change Proposals and Charging Change Proposals – on behalf of a Party, as a Panel member, as the customer representative, or the Market Operator or on behalf of the Authority; or Charging Change Proposals – on behalf of a Wholesaler).	MOSL (Market Operator)		
Contact Email	Emma.Taylor@mosl.co.uk		
Telephone Number	07498604302		
The Proposer recommends that this Change Proposal/Charging Change Proposal should initially: <i>(delete as appropriate)</i>	Proceed to Assessment		
	Proceed to Consultation		
	Proceed to Recommendation		
Is the change Urgent (Yes/No)? If yes, please provide reason for urgency (if applicable)	No		
Related Documents			

Reference of any associated Code Panel Change Proposal/ Charging Change Proposal	CPM005 Market Entry and Re-Assurance Updates
Documents Accompanying Form	<p>Attachments 2-4 set out the red-lined amendments to:</p> <ul style="list-style-type: none"> • CSD0001; • Market Terms; and • Objectives, Definitions and Principles <p>Also attached is the Initial Written Assessment</p>
Change Proposal/ Charging Change Proposal Details	
Description of (i) the issue or defect which this Change Proposal seeks to address, or (ii) the modified or new charging method or charging structure required pursuant to this Charging Change Proposal, as required under the Market Arrangements Code Section 6.2.1(b).	
<p>CSD0001 sets out the process for organisations seeking to enter the market, or for Trading Parties who are already operating but are planning material changes to their capability. The CSD prescribes the information to be provided at each stage of the Market Entry Assurance (MEA) and Market Re-assurance processes and the methods of carrying out this assurance. MOSL believes some of the current constraints could result in increased barriers to entry for some Applicants.</p> <p>To address this, MOSL has sought to change the process to support applicants in implementing their own individual approach to providing assurance on their capability to operate in the market and uphold obligations.</p>	
Description of the Change Proposal/ Charging Change Proposal, its nature and purpose and (for Change Proposals only) how it is consistent with the Principles and falls within the Objectives noted below, as required under the Market Arrangements Code Section 6.2.1(c).	
<p>The key areas of change will be alterations in the information Applicants are required to submit for the Applicant Information Return, and altering the structure of the Business Solution Assessment from a review including all business processes and undertaken directly by MOSL, to an assessment by MOSL of the Applicant’s business capability. The code change also alters the structure of MEA Testing, moving the obligation to create test scripts and end points from MOSL to the Applicant, allowing Applicants to tailor the testing requirements to their own systems.</p> <p>A summary of the key areas of change is provided below:</p> <p>1) Re-aligning of MEA process steps with licencing</p> <p>MOSL is currently reliant on the Authority determining it is minded to grant an Applicant a relevant Licence before it is able to continue the MEA process past the Trading Application stage. This slows down the process for Applicants, creating a potential barrier for entry, as they are reliant on the Authority completing its licencing process before they are able to undergo MEA.</p> <p style="text-align: center;">MOSL has worked with Ofwat to realign the process in CSD0001 in order to increase efficiency for Applicants. Ofwat and MOSL agree that MOSL should be able to input into</p>	

the licencing process, and therefore that MEA should begin during the licence consultation period for WSSL Applicants, or for a new appointment or variation, once Ofwat have published the consultation notice setting out the proposal to grant a new Appointment or Variation. This is considered to be a more suitable alignment of activities when considering the expected development of an Applicant's capability.

2) Supporting documents

CSD001 sets out a responsibility of the Market Operator to develop and maintain a series of supporting documents, including the Accession Agreement and an Applicant information pack.

The Accession Agreement has been created by the Authority, and the Authority is holding responsibility for maintaining it. Therefore, the requirement for MOSL to maintain the Accession Agreement has been removed.

The Applicant information pack, containing guidance on the MEA process and requirements as per the CSD, is required to be provided to Applicants at the point at which their Trading Applicant is accepted. MOSL has published guidance on its website and within each form on the process and completion in line with the CSD, negating the need for a separate information pack for Applicants.

Testing has been restructured to better reflect practical testing, as such the documents to be maintained by MOSL to support the testing process have also been redefined.

3) Applicant Information Return

CSD0001 currently splits the Applicant Information Return (AIR) into two sections, designed to be provided to Applicants on separate occasions depending on their intended route of completion of MEA. However, the current specified routes are ambiguous, and delay the application process unnecessarily.

For efficiency, MOSL has combined these sections into one form, sections of which Applicants can complete as appropriate. Similarly, the reference to 'Level 1' and 'Level 2' content has been removed. As a result of the combining of both parts of the AIR, the reference to the BSA stage commencing after submission and approval of the AIR part 2 has been removed.

The current reference to the information provided as part of the AIR being used as input into the assurance planning for the Business Solution Assessment section has been removed as MOSL considers Applicants to be better placed to assess their own assurance needs and plan the assurance that should take place.

The scope of the information requested regarding the view of the systems architecture has been changed, to align with MOSL's current process. MOSL requests a view of the systems architecture once, as by the time Applicants are completing the submission they are expected to have an understanding of how they will operate. A requirement for information on the scope of systems to be tested within MEA Testing as also been added, to aid MOSL in preparing for Market Entry Testing.

4) Market Entry Assurance Plan

In CSD0001, the Market Entry Assurance Plan is specified to be drafted first by the Market Operator, and appropriately tailored to the Applicant's circumstances. The Applicant is then to provide comment on the draft plan, specifically the assurance methods, stages, timetable, and any other matters set out in the plan. A final version of the MEA Plan is then to be agreed within 10 Business Days of the Market Operator receiving the comments.

MOSL believes that the Applicant has a better understanding of the methods, stages and timetable necessary to complete assurance on its capability and as such should be creating the original draft plan. MOSL considers the appropriate pathway is for the Applicant to draft the initial plan, based on a template provided by the Market Operator, and submit this to the Market Operator for agreement.

Given the above, MOSL also considers flexibility in the plan to be important, as we recognise that plans may need to change. As such, while it is useful for MOSL to be informed, it is not feasible to require written approval by the Market Operator of any changes to the MEA Plan. The requirement for MOSL to agree in writing any changes has been removed.

The terminology of 'path 1' and 'path 2' is unclear, and therefore has been clarified to 'enhanced' and 'self-certification' routes.

The SLA for the Market Operator to provide formal approval for the AIR and MEA Plan has been set at 10 Business Days following receipt of valid submissions. This aligns the SLA for the MEA Plan with that of the AIR, and provides clarity on when Applicants can expect to receive a response to their submissions.

The above comments also apply to the Market Re-assurance Plan, which follows the same structure.

5) Training

CSD0001 sets out a specific number of days after the approval of the Applicant information return during which Market and Interface Training should commence. This does not allow flexibility for either Applicants or the Market Operator to enable scheduling for multiple parties to undertake training concurrently. Applicants are also not able to indicate their preferred timescale for carrying out training, but are allocated a date which may not be feasible for them.

The CSD also specifies the number of days of training at 3 days, which again does not allow flexibility in the timing of training.

The requirement for training to occur within 10-20 Business Days of approving the MEA Plan has been removed, to better reflect the needs of individual Applicants and their respective development programmes and to allow more flexibility for MOSL in scheduling training.

The requirement for three days of training as set out in the CSD has been removed, allowing MOSL more flexibility in its training structure. MOSL has previously run training for Applicants which has lasted between 1.5 and 2.5 Business Days, including a webinar presentation for the market portion and has been deemed sufficient by MOSL. The requirement to hold training at the Market Operator's offices has also been removed, as it is overly specific.

The ability for Applicants to choose specific training modules has been removed. MOSL has previously set the training as tailored for Wholesalers and Retailers. Within the specified training, all Applicants have completed the same modules. As training is provided in one block, the requirement to provide training on the registration of supply points at the point at which the Applicant is first ready to register supply points has been removed. This increases the efficiency of the process for MOSL and Applicants and reduces the risk to market, as complete training is presented for all Trading Parties.

The above comments also apply to Market Re-assurance, which follows the same structure.

6) Self-certification

In CSD0001, the self-certification route provides little clarification to Trading Parties on what they should be covering as part of their development framework. The SLA for review of the Self-certification declaration is currently 5 Business Days, which is not necessarily long enough to allow a full review of the documentation and proceed through the approval process.

The self-certification has been re-envisaged as a self-certification declaration, to provide Applicants with a template to provide clarity of expectations to Applicants as to the aspects of assurance they should provide. Criteria for Applicants to progress through the self-certification route has also been added, to provide clarity on the situations in which this route is appropriate.

The SLA for the Self-Certification Declaration has been extended from 5 to 10 Business Days, reflecting MOSL's experiences in the time required to process submissions.

7) Business Solution Assessment (BSA)

CSD001 currently sets out the Business Solution Assessment (BSA) is to be undertaken by the Market Operator, but the method of completing a BSA as set out in the CSD is unclear. It is implied that the Market Operator shall carry out an audit like function, to undertake its own assurance activities on a specified set of key areas.

MOSL considers it over-burdensome for Applicants and resource heavy for a complete Market Operator review of their entire design. As such, MOSL has taken a view of assessing the Applicant's own assurance provided (including third party assessment where applicable) on a set of predetermined assurance statements, and any additional areas the Applicant deems appropriate. This allows Applicants to focus their assurance activities on key areas they deem to be more important or high risk.

The key areas of assessment have been adjusted from specific areas of capability, as previously set out in the AIR, to an assessment of the Applicant's ability to comply with the market codes. The key assessment area has been clarified to reflect this, focussing on the Applicant's ability to uphold market obligations. This is a continuation of the approach made in the Pre Go-Live market.

The BSA also does not currently have an SLA for a review period. During the pre-live market, MOSL set this period at 10 Business Days, to provide clarity and certainty for Applicants. We propose to continue this timeline.

By defining the Market Operator's review of a BSA, the requirement for a site visit for each Applicant to gain a clearer understanding of the Applicant's design is not required. Also given the nature of the review, the requirement on the Market Operator to produce a final outcome report and present these to the Panel is not required. Both these obligations have been removed.

The above comments are relevant for the BSA in both the MEA and Re-assurance processes.

8) Testing

The structure for testing as defined in CSD0001 would unduly delay an Applicant's progression into the market. It also proposes that MOSL is responsible for defining most aspects of the tests, whereas it is MOSL's view that Applicants would be in a much better position to provide the detailed information required to gain thorough testing assurance. It is also believed that the requirement to submit testing outcome reports doesn't reflect the market's approach to data confidentiality and therefore, it is not appropriate to provide a summary of these reports to the Panel, without some other driver (e.g. non-agreement of actions).

The MEA process is run with confidentiality in mind, and MOSL is cognisant of not revealing information to third parties which Applicants may consider to be sensitive, in an effort to encourage open conversations with Applicants and Trading Parties. Providing full testing outcome reports to the Panel may constitute sharing of information, which MOSL has previously kept ring-fenced to protect commercially sensitive information. This requirement has therefore been removed.

The CSD requires Applicants to propose a testing start date after completion of the BSA. Agreeing the testing start date after the completion of the BSA does not allow Applicants or MOSL with sufficient time to plan the process and allocate sufficient resources. Scheduling of testing has been moved to within the Applicant's MEAP, rather than after completion of the BSA, to allow flexibility for Applicants and certainty in their resource planning.

The MEA and Re-assurance testing processes have been aligned to MOSL's view that Interface and Data Transaction Testing (IDTT) and Market Scenario Testing (MST) are not separate testing stages, but rather components of one single process. MOSL has sought to simplify the testing process by combining these two stages, and providing clarity on the situations in which an Applicant is required to complete testing. The introduction of a Test Scripts Pro-forma seeks to provide clarity and flexibility for Applicants.

MOSL considers the Applicant to be better placed to determine the specific actions of each test step required than the Market Operator. As such, the requirement for the Market Operator to provide a test specification for the Applicant has been amended. To this end, the requirement for the Market Operator to define the final conditions for each scenario has been removed, to enable Applicants to tailor scenarios to their own systems and circumstances. The Test Scripts Pro-forma replaces the requirement to create storyboards for test scenarios.

The above comments are relevant for both the MEA and Re-assurance processes.

9) Systems declaration

CSD0001 does not provide clarity on what Applicants and Trading Parties are supposed to commit to with regards to completion of testing.

The systems declaration has been identified as a separate stage of the MEA and Re-assurance processes, to provide clarity to Applicants on the process steps. A template has previously been provided by MOSL to Applicants for them to complete this stage, and as such highlighting it as a separate step aligns the CSD to this.

10) MEA certification

The Final Outcome Report as set out in CSD0001 requires MOSL to set out the assurance activities undertaken for enhanced Applicants and confirm the Applicant's completion of these steps. As MOSL considers it more appropriate for the Applicant to set the scope of its assurance, MOSL considers there to be little valuable information which can be provided to the Applicant.

As MOSL is not itself the appropriate party to be carrying out the actual assurance of the business capability, the Final Outcome Report as set out in the CSD does not serve the same purpose with which it was intended. As such, granting certification in the form of a certificate is deemed to be more appropriate. Due to the nature of the assurance process as implemented by MOSL, the requirement to complete a Final Outcome Report has been removed.

Note, this also applies to the Re-assurance process.

11) Applicants becoming trading parties

CSD0001 implies that the last trading condition Applicants will meet is completion of MEA. As this is not the case, and several Trading Conditions can only be met after MEA is completed (licencing, Accession Agreements, membership), this creates ambiguity in the CSD as to when an Applicant becomes a Trading Party and when it should be granted access to the Central Systems.

The requirement for the Market Operator to provide access to the Central Systems on the same day as the Market Operator sends a Final Outcome Report has been altered to reflect the nature of the process. As such, this requirement has been changed to read that access will be granted on within three Business Days of the Applicant becoming a Trading Party, subject to submission of relevant administrative details which MOSL requires in order to grant access.

12) Scope of Re-assurance

In CSD0001, The Re-assurance process does not currently envisage a self-certification route to completion. MOSL considers this to be an unlevel playing field, as Applicants are able to complete this route as part of MEA. As such, MOSL has instituted a self-certification pathway for Trading Parties undergoing Market Re-assurance which have required this pathway so far in the live market.

MOSL considers that Trading Parties undergoing Re-assurance will do so for a wide range of reasons. As such, the nature of the business capability will sometimes meet the criteria to undertake a Self-Certification Declaration, rather than a BSA. As such, a Self-certification route through Re-assurance has been added to provide clarity to Applicants.

13) Market Re-assurance Information Return (MRIR)

The scope of Re-assurance is defined in CSD0001 to be specified by the Market Operator, prior to commencement of the process. However, MOSL are not aware of any such changes until they have been discussed with the Trading Party. The requirement to identify and submit a MRIR within 2 Business Days of identifying a potential trigger for Re-assurance is considered to be an unfeasible timescale.

MOSL considers that Trading Parties have a better understanding of the changes they are making, and therefore are better placed to identify the Re-assurance activities and steps they should complete. Amendments include:

- The MRIR is to be developed by the Trading Party;
- The ability for MOSL to review and confirm the scope of Re-assurance following submission of the MRIR;
- The MRIR has been updated in line with the AIR, to provide clarity and alignment of the MEA and Re-assurance processes; and
- The requirement to identify submit a MRIR within two Business Days of identifying a potential trigger for Re-assurance has been removed. Instead, MOSL uses the MRIR to approve the requirement for Re-assurance and understand the Trading Party's intended changes, in a similar manner to MEA.

14) Material change guidance

The material change guidance table in CSD0001 is set out with a view of increasing capability and complexity. The CSD does not anticipate companies scaling down their capability. As Trading Parties base their assessments as to whether Re-assurance is required on this guidance table, they are likely to therefore consider that reductions in capability do not require Re-assurance, despite involving material changes to how they operate. Some Trading Parties

consider the guidance to be an explicit list of triggers, and therefore Trading Parties may be reluctant to engage in Re-assurance.

The material change guidance table has been updated with information clarifying MOSL's position that when Trading Parties reduce their business capability, should also undergo Re-assurance if the reduction involves making material changes.

An explicit statement that the table is non-exhaustive has been added, to provide clarity to Trading Parties.

15) Market Re-assurance plan

Following the requirements as set out in the above Market Entry Assurance Plan section, the Market Operator is required to provide an update of any new Market Re-assurance Plans at each Panel meeting. MOSL has put in place strict access controls to information provided by Applicants and Trading Parties as part of the MEA and Re-assurance processes, and as such does not consider it appropriate to share detailed information regarding the individual Trading Parties or on plans which are in progress, and where no Panel input is required. As such, MOSL sees little value in supplying this update to the Panel.

The timescales for submitting the Market Re-assurance Plan have been clarified as at the same time as the Market Re-assurance Information Return. Similar changes have been made to increase the efficiency of the process as have been made for the MEA Plan.

There is a requirement to provide an update to Panel of any new Market Re-assurance Plans agreed since the last meeting. MOSL would not be able to provide any identifying information to the Panel except in exception circumstances, and as such does not consider this update to be valuable. This has therefore been removed, reflecting MOSL's position on confidentiality of information provided by Applicants.

16) Level of unacceptable risk

MOSL considers it important that should a Trading Party pose an unacceptable level of risk to the market or CMOS at any point during Re-assurance, this should be raised to the Panel for consideration, given the Panel's role in providing oversight. There is currently no provision for this to occur, or for the Panel to act on MOSL concerns.

MOSL considers it critical that it should be able to refer a Trading Party's Re-assurance process to the Panel (currently delegated to the Market Performance Committee) should the Trading Party pose an unacceptable level of risk at any point. As such, a clause in CSD0001 allowing this to occur has been inserted. Additionally, MOSL has inserted the ability for the Panel to consider what controls should be applied to the Trading Party as necessary, to mitigate any unacceptable risk.

17) Housekeeping updates

Throughout CSD0001 there are a number of other changes which have been made to provide additional clarity to Applicants on the process, or housekeeping changes to correct grammar or incorrect naming in the document.

18) Trading Conditions

To become a Trading Party, Parties must satisfy all Trading Conditions. One of these Trading Conditions requires Retailers to enter into at least one (1) Wholesale Contract. Section 2.1.18 of CSD001: Market Entry and Reassurance places a number of requirements on the Market Operator to complete as soon as the Retailer becomes a Trading Party including providing access to the Central Systems. MOSL has no efficient way of determining when an Applicant has signed a Wholesale Contract until it has become a Trading Party, and does not consider this to be an appropriate Condition for Retailers to meet before being able to enter the market. A

Retailer is required to sign a Contract with a Wholesaler before being able to trade in its Area, and the Central Systems do not allow for transactions to be completed between Parties that do not have a valid Wholesale Contract in place. Removing the requirement for a valid Wholesale Contract to be in place to satisfy the Trading Conditions will improve the efficiency of the Market Entry process and for MOSL and Applicants.

19) Location of list of Retailers by Area(s)

The Market Terms specifies that the Market Operator is obligated to publish a list of Retailers by Area(s) on its website. This information is made available within CMOS as part of the Wholesale Contracts, and are the responsibility of Wholesalers to keep up to date.

MOSL is also seeking to amend the location of which it publishes the required list of Retailers by the Area(s) they are eligible to operate in. MOSL does not consider it efficient to have this information published in two places, and considers it more appropriate for it to be updated by involved parties. MOSL will continue to publish the list of all Trading Parties on its website.

Principles and Objectives

Description of the principles and objectives affected by the Change Proposal on the items below (if applicable) as detailed in Part A of Schedule 1 Part 1: Objectives Principles and Definitions.

Principles	Affected (Y/N)	Description
Efficiency	Yes	The CSD can be interpreted to require a significant MOSL resource requirement, and potentially introduce significant delays to Applicants and Trading Parties.
Proportionality	Yes	MOSL believes aspects of the CSD are not currently proportional, as the requirement on all applicants is similar, which could lead to an unproportionate burden on smaller applicants.
Transparency		
Simplicity, cost-effectiveness and security		
Barriers to entry	Yes	MOSL believes that current aspects of the CSD cause undue delays to Applicant entry.
Non-discrimination		
Customer participation		
Customer contact		

Seamless markets		
No limit on upstream competition		
Business Terms Objectives		
Operational Terms Objectives		
Market Terms Objectives	Yes	Amendment of the location the Market Operator is required to publish the list of Eligible Retailers by Area(s).
Description of the impact of the Change Proposal/ Charging Change Proposal on the following items, as required under the Market Arrangements Code Sections 6.2.1 (f), (g) and (h).		
Configured Item	Impacted (Y/N)	Description
Schedule 1: Terms and Conditions of a Wholesale Contract		
Wholesale-Retail Code, Schedule 1 Part 1 (Objectives, Definitions and Principles)	Y	Change to Trading Conditions definition
Wholesale-Retail Code, Schedule 1 Part 2 (Business Terms)		
Wholesale-Retail Code, Schedule 1 Part 3 (Operational Terms)		
Wholesale-Retail Code, Schedule 1 Part 4 (Market Terms)	Y	Change to Trading Conditions definition
Wholesale-Retail Code, Schedule 1 Part 5 (CSDs)	Y – CSD0001	Change to process
Wholesale-Retail Code, Schedule 1 Part 6 (Operational Forms)		
Appointment		
Licence		
Any other industry code, agreement or document (e.g.		

the Wholesale Contract or the MOSL Articles) (please specify)		
Central Market Operating System		
Trading Party systems which interface with Central Systems and other relevant Trading Party systems/ business processes.		
Scottish Core Industry Documents		
Further Information		
Description of any discussions on the topic of the Change Proposal/ Charging Change Proposal at the User Forum (as relevant) or otherwise relevant discussions with parties, as required under the Market Arrangements Code Section 6.2.1(i).		
This Change Proposal has been developed by MOSL and supported by Ofwat.		
Further Comments		
N/A		

Key	
	To be completed by the Market Operator
	To be completed by the Proposer