MOSL MO compliance report

Q2 2018/19

MARKET OPERATOR SERVICES LTD

Overview

MOSL has reviewed its compliance against the Market Operator (MO) obligations contained within the market codes for Q2 of 2018/19. The results of this review show an increase in compliance across the thirteen services MOSL provide to the market, with the number of non-compliant MO obligations (68) down from the previous quarter (Q1 2018/19: 72).

Obligations			Market Impact			
Status	Q1 2018/19	Q2 2018/19	High	Medium	Low	Total
Compliant	1,094	1,101	251	423	427	**1,101**
Non-Compliant	72	68	6	6	56	**68**
Total	**1,166**	**1,169**	**257**	**429**	**483**	**1,169**

Increase in MO obligations

Total MO obligations have increased as a result of market code changes implemented during the review quarter that directly impact MOSL's MO obligations. These changes are reflected in the compliance results and include:

- **CPW039** Deferral of Final Settlement Runs
  - 3 new obligations introduced to reflect the change.

- **CPM011** MOSL Invoice and Payment Terms
  - Changes to the wording of existing obligations only - no new obligations were introduced.

- **CPM010** Amendments to the Retailer Board Nomination
  - Changes relate to the Retailer Board Nomination process only – no impact on existing obligations.

Obligations	Q3 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19
Net Increase / (Decrease)	-	9	1	3
Total	**1,156**	**1,165**	**1,166**	**1,169**

Interactive Charts

MO Compliance.html

Impact of non-compliance.html

Areas of non-compliance

High market impact non-compliance relates primarily to the implementation and ISO accreditation of MOSL's Business Continuity Management System (BCMS) and Market Incident Management Plan (MIMP), and the implementation of an Escrow solution. MOSL is actively working to resolve this non-compliance.

For low market impact non-compliance, MOSL provides a range of technical solutions to meet the requirements of the obligations. Where the solution is more appropriate and effective for the operation of the market, MOSL proposes that the market codes be changed to align with the solution and current operational practices.

Market impact of non-compliance*					Slide
Service	**High**	**Medium**	**Low**	**Total**	**Ref.**
CMOS Service Management	-	-	21	**21**	*6*
Data Management	-	-	18	**18**	*7*
Disputes	-	-	-	**-**	
Financial Settlement	-	-	2	**2**	*10*
Market Charges and Payments	-	-	-	**-**	
Market Compliance	-	-	-	**-**	
Market Engagement	-	-	2	**2**	*15*
Market Entry Assurance and Exit	-	-	-	**-**	
Market Incident Management Plan	6	5	12	**23**	*11*
Market Operator Compliance	-	-	-	**-**	
Market Performance and Insight	-	1	-	**1**	*14*
Panel and Market Code Change	-	-	1	**1**	*15*
Trading Party Compliance	-	-	-	**-**	
Total	**6**	**6**	**56**	**68**	

*** MOSL reports MO compliance based on the Service and Process to which the obligation relates. The market impact rating is based on pre-determined criteria agreed by MOSL's Senior Leadership Team.**

Resolved non-compliances

During Q2 2018/19, four individual non-compliances were resolved and reported as compliant. The rationale for the change in compliance status is detailed below, together with the Service and Process to which each obligation relates.

Service	Process	No.	Details of non-compliance	Resolution
Data Management	**Interface Design**	**1**	The information returned in response to a transaction does not **directly** align to those specified in the obligation. The wording of the obligation requires three pieces of information to be returned: originator's reference, processing status and error return code.	After further consideration of the CMOS design, MOSL confirmed the codes returned in response to a transaction include the following: • Originators reference; and • Error return code. The error return code may be "ok", representing successful processing. Alternatively, an error code is returned that determines the reason for the unsuccessful processing. This error return code field provides both the processing status and error return code, being both pieces of information specified within the obligation. MOSL has taken the view that the processing status is inferred and the obligation is compliant.
	Tariff Amendments	**1**	MOSL has not previously emailed the trading party Contract Manager if the Tariff is not authorised by the Window closure date.	MOSL has updated its review process to include an email to the Contact Manager detailing any tariffs that remain unauthorised after the tariff update window closes.
	Data Reporting	**1**	MOSL has not previously made available a report that enables users to identify active and inactive users and respective privileges.	MOSL has developed a report showing user access and roles. This report is generated on a daily basis and includes all trading party details. Upon request, MOSL can make available a trading party specific extract from this report. MOSL does not intend to publish this report due to security/GDPR constraints and no requirement to do so.
CMOS Service Management	**Service Desk**	**1**	In the event of a business continuity incident, MOSL is obliged to make email and telephone contact with all Contract Managers and Deputy Contract Managers. As at June 2018, contact regarding an incident was limited to email only. This was due to the onerous nature of voice calling each Contract Manager (i.e. volume of people to contact is in excess of 140).	MOSL has reviewed this obligation and taken the view that contacting Contract Managers (and deputies) by way of email and SMS is more efficient and practical in the event of a business continuity incident. The MOSL website has SMS functionality that allows bulk release of messages to telephone devices. The BCMS documentation has been updated to reflect this functionality.

CMOS Service Management

Non-compliant obligations: 21

Process	Details of non-compliance	No.	Market Impact	Close-out plan
Account Administration	• **Management of Digital Certificates** The market codes suggest that MOSL will precure and provide the Digital Certificates to trading parties, when in fact, trading parties source their own Digital Certificates and provide the public key to MOSL. CGI apply the key to the CMOS systems to enable authentication at transaction and login level. This process has been agreed with members.	16	Low	• **CPW044** (Digital Certificates and Public Key updates) and **CPW045** (Updates to the Service Management Interface) have been raised and recommended for approval by the Panel. Authorisation by Ofwat is expected by the end of Nov-18 ready for implementation on 3 Dec 2018.
	• **User account setup** The email generated to confirm user setup does not include the users privilege level, as these levels are currently assigned by each trading party.	1		• **CPW044** and **CPW045** have been raised and recommended for approval by the Panel. Authorisation by Ofwat is expected by the end of Nov-18 for implementation on 3 Dec 2018.
	• **Anomaly thresholds** There is no current mechanism for this anomaly thresholds to be retained in the CMOS database. CGI currently monitor performance of the transactional flows separately.	1		• **CPW044** and **CPW045** have been raised and recommended for approval by the Panel. Authorisation by Ofwat is expected by the end of Nov-18 for implementation on 3 Dec 2018.
Service Desk	• **Mechanism and frequency CGI Service Desk contacts trading parties** Service Alerts/Incidents/Notifications are communicated to trading parties via email rather than by telephone, as specified in the market codes. High priority incidents are dealt with via a general email issued by MOSL.	3	Low	• **CPW044** and **CPW045** have been raised and recommended for approval by the Panel. Authorisation by Ofwat is expected by the end of Nov-18 for implementation on 3 Dec 2018.

Data Management

Non-compliant obligations: 18

Process	Details of non-compliance	No.	Market Impact	Close-out plan
Data Transactions and Validation	• **Data transactions and validation** CMOS currently processes transactions as received and does not impose a time limit / cut-off on any given day. This differs from the market codes, which restricts the processing and accepting of transactions to business day only.	1	Low	• Given MOSL's commitment to improving service to the market and its decision to ensure CMOS operates on a 24/7 basis, a market code change is proposed to amend the obligation to align to current practice. This change is planned for presentation at the Jan-19 Panel meeting.
Data Corrections	• **Mechanism for recording and applying MOSL data corrections** MOSL is non-compliant with the storing of the Before and After values in the tracking spreadsheet. This information is retained in the database, but is not otherwise stored externally.	1	Low	• MOSL has a workaround in place for this obligation, as follows: • MOSL will take an extract from CMOS of the attribute values before the change is applied so that the Before and After values can be stored. • This extract will be run whenever MOSL receives a bulk data change request. There have been no such requests to date. • The Before and After values will be stored in separate registers (rather than individual registers) in the form of a .csv /.xlsx file. • To be fully compliant with this obligation and subject to member feedback, MOSL proposes that the market code by changed to reflect the storing of these values in separate registers. This change is planned for presentation at the Jan-19 Panel meeting.

Data Management
Cont.

Process	Details of non-compliance	No.	Market Impact	Close-out plan
Data Reporting	• **Data sharing** There is currently no mechanism in place to automatically share market datasets. To mitigate this, MOSL has undertaken a manual alternative for sharing market datasets, to which CPW028 has been raised. • **Data retention** The FTP retains 7 iterations of the market dataset rather than iterations for a 3 month period (as specified in the market code). If necessary these datasets can be re-run as at a specified date. • **Data retention period** The market dataset extract is produced on a calendar day basis rather than on a business day basis.	3	Low	• **CPW028** has been raised and is currently in testing phase. This change is planned for delivery in the 5.0 CMOS release (26 Oct 2018). • Due to storage capacity constraints, it is proposed that a market code change be raised to reflect the current operational function of FTP (i.e. iterations for a 7 day period rather than 3 months). This change is planned for presentation at the Jan-19 Panel meeting. • Given CMOS operates on a near 24/7 basis, it is no longer necessary to align the market dataset to a nominal business day. Therefore, a market code change is proposed to amend the obligation for the correct days on which the extracts occur (i.e. calendar days rather than business days). This change is planned for presentation at the Jan-19 Panel meeting.

Data Management

Cont.

Process	Details of non-compliance	No.	Market Impact	Close-out plan
Interface Design	• **Jaspersoft report functionality** MOSL is non-compliant with report downloads as the reports are available to be downloaded individually rather than as a batch. All standard reports are generated on the FTP site and allow the trading parties to tag multiple reports for single batch download.	3	Low	• MOSL intends to replace Jaspersoft with an alternative reporting tool in 2019. • The relevant CSD's will need to be revised to reflect the new tool functionality when it is delivered.
	• **Service management function** Remedy does not operate as obligated. The tool will only allow a user to add individual service management incidents. It does not allow multiple incidents to be raised under a single reference. Remedy also does not provide an integrated link to any MO system or dashboard of MO system availability. MOSL reports system availability issues via email.	2		• **CPW044** and **CPW045** have been raised and recommended for approval by the Panel. Authorisation by Ofwat is expected by the end of Nov-18 for implementation on 3 Dec 2018.
	• **Process for Digital Certificate Management** The market codes suggest that MOSL will precure and provide the Digital Certificates to trading parties, when in fact, trading parties source their own Digital Certificates and provide the public key to MOSL.	3		• **CPW044** and **CPW045** have been raised and recommended for approval by the Panel. Authorisation by Ofwat is expected by the end of Nov-18 for implementation on 3 Dec 2018.
	• **Peak daily volumes for threshold review** There is no current mechanism for this information to be retained in the CMOS database. CGI monitors performance of the transactional flows separately.	5		• **CPW044** and **CPW045** have been raised and recommended for approval by the Panel. Authorisation by Ofwat is expected by the end of Nov-18 for implementation on 3 Dec 2018.

Financial Settlement

Non-compliant obligations: 2

Process	Details of non-compliance	No.	Market Impact	Close-out plan
Unplanned Settlement Runs	• **Unplanned settlement reporting** This obligation relates to the type of Unplanned Settlement Reports issued by the Market Operator in respect of a set of SPIDs that have been recalculated as part of an unplanned settlement run. MOSL is non-compliant as we recalculate and issue the complete pairing rather than the affected SPIDs (i.e. using disaggregated reports for charging). MOSL has taken a policy decision to run settlement pairings rather than individual SPIDs as this is operationally more efficient and provides trading parties with more data. The approach of not using disaggregated reports has been pursued since market opening. This has previously been verified by discussions with trading parties.	2	Low	• MOSL has taken a policy decision to be non-compliant with this obligation. • MOSL notes that a Code Change Proposal has been developed by the Trading Disputes Committee relating to extending this obligation to cover both post-RF and dispute settlement runs in respect of individual SPIDs. This will be considered by the Panel during Q4 2018/19. • MOSL may reconsider its policy position if this Code Change is implemented.

Market Incident Management Plan (MIMP)

Non-compliant obligations: 2

Process	Details of non-compliance	No.	Market Impact	Close-out plan
Escrow Agreement	• **Escrow requirements** The requirements for escrow cascades down from the market codes to the CGI contract, which imposes an obligation on CGI to deposit into escrow and keep fully up-to-date the Source Code Materials. The revised solution for escrow deposits has been contractually agreed with CGI. As part of this solution, the data will be deposited with NCC. In order to do this, a deposit agreement needs to be signed between CGI, MOSL, Ofwat and NCC. The market code requires the escrow deposit to maintain "up-to-date" CMOS data. MOSL will never be compliant with these obligations as any escrow submission is periodic and therefore, compromises the ability to be submitted in near real-time.	**2**	**High**	• MOSL has agreed an escrow solution, whereby CGI will deposit all CMOS collateral (including data and Source Code etc.) on a monthly basis. • Ofwat are yet to sign the deposit agreement, which means that the data cannot be deposited yet with NCC. • MOSL will remain non-compliant with these escrow requirements until which point the deposit agreement is signed and the data is deposited.

Market Incident Management Plan (MIMP)

Non-compliant obligations: 21

Process	Details of non-compliance	No.	Market Impact	Close-out plan
Business Continuity	• **Business Continuity Management System (BCMS)** MOSL is required to achieve the ISO 22301 accreditation within 6 months of market opening and carry out a number of actions to retain such accreditation on an ongoing basis. This cannot take place until staff training and a successful rehearsal has taken place.	4	High	• The BCMS and MIMP have been fully documented to the standards of ISO 22301 and the requirements of the market codes. • Indicative date for commencement of the rehearsal exercise is Jan-19. This is dependent upon finding appropriate support from external consultancies. • Upon completion of the rehearsal, ISO 22301 conformity will be declared and the BCMS will be officially deployed, allowing the accreditation process to commence. • ISO accreditors have been identified with a view to achieving accreditation during February and March 2019.

Market Incident Management Plan (MIMP)
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Process	Details of non-compliance	No.	Market Impact	Close-out plan
Business Continuity	• **CMOS design** The market codes make reference to a number of CMOS requirements that require the High Volume Interface to remain active at all times. As with CMOS itself, this has the potential for outage and cannot be completely mitigated. • **Presentation** Prior to ISO accreditation, MOSL must present the final BCMS to the Panel for information. • **Rehearsal** To validate the BCMS prior to ISO accreditation, a formal rehearsal/incident simulating a continuity scenario must be exercised.	5	Med	• MOSL proposes that the existing obligations be modified to reflect a proportionate level of system resilience. This code change is currently being drafted internally and will be circulated to the MIMP committee before being recommended to the Panel in Dec-18. • The formal rehearsal is scheduled to commence in Jan-19. This date is indicative only.
	• **Rehearsal and live use of BCMS** There are number of requirements within the market codes that relate to the specific implementation of a rehearsal or live operation of the BCMS.	12	Low	• The formal rehearsal is scheduled to commence in Jan-19. This date is indicative only.

Market Performance and Insight

Non-compliant obligations: 1

Process	Details of non-compliance	No.	Market Impact	Close-out plan
Market Performance Operating Plan	• **Annual Market Performance Operating Plan (MPOP)** Publication of the MPOP was delayed due to the development of a new MPS reporting platform.	1	Med	• MOSL published the MPOP for 2018/19 on 3 October 2018. • This obligation will remain non-compliant until Mar-19, when the MPOP for 2019/20 will be published.

Market Engagement / Panel and Market Code Change

Non-compliant obligations: 3

Process	Details of non-compliance	No.	Market Impact	Close-out plan
Publications / Panel	• **Provisions of information** MOSL's timetable of reporting (market timetable) and policy for the publication and availability of information to third parties are available on the website. These address market activity and performance information. The Panel has not approved the timetable of reporting and policy.	3	Low	• The policy for the publication and availability of information to third parties and timetable of reporting will be presented to Panel for approval in Dec-18.

Availability of CMOS

2017/18

		2017/18 Performance											
KPI	**Target**	**Apr-17**	**May-17**	**Jun-17**	**Jul-17**	**Aug-17**	**Sep-17**	**Oct-17**	**Nov-17**	**Dec-17**	**Jan-18**	**Feb-18**	**Mar-18**
CMOS Systems % SLA targets*	**99.9%**	100%	100%	100%	99.73%	98.96%	100%	100%	100%	100%	100%	98.55%	100%
Customer calls / service requests dealt within SLAs	**85%**	96.46%	96.5%	95.68%	97.17%	95.90%	94.68%	97.45%	97.09%	98.09%	96.05%	77.72%	93.92%

2018/19

		2018/19 Performance											
KPI	**Target**	**Apr-18**	**May-18**	**Jun-18**	**Jul-18**	**Aug-18**	**Sep-18**	**Oct-18**	**Nov-18**	**Dec-18**	**Jan-19**	**Feb-19**	**Mar-19**
CMOS Systems % SLA targets*	**99.9%**	100%	100%	100%	100%	100%							
Customer calls / service requests dealt within SLAs	**85%**	97.7%	98.6%	99.03%	85.7%	93.2%							

Ongoing rectification plans: N/A