MOSL MO compliance report

Q1 2019/20

MOSL
MARKET OPERATOR SERVICES LTD

Overview

MOSL has reviewed its compliance against the Market Operator (MO) obligations contained within the Market Codes for Q1 of 2019/20. The results of this review show an increase in compliance across the 13 services MOSL provides to the market, with the number of non-compliant MO obligations (8) down from the previous quarter (Q3 2018/19: 22).

Obligations			
Status	**Q3 2018/19**	**Q4 2018/19**	**Q4 2018/19**
Compliant	1,112	1,124	1,136
Non-Compliant	36	22	8
Total	**1,148**	**1,146**	**1,145**

Market Impact			
High	**Medium**	**Low**	**Total**
254	427	456	**1,136**
3	0	5	**8**
257	**427**	**461**	**1,145**

Decrease in MO obligations

The total number of MO obligations have decreased as a result of a review of the Compliance matrix during the quarter. The total number of obligations were overstated by one. In terms of yearly movement, the number of MO obligations has decreased from 1,166 to 1,145.

Obligations	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19	Q1 2019/20
Net Increase / (Decrease)	1	3	(21)	(2)	(1)
Total	**1,166**	**1,169**	**1,148**	**1,146**	**1,145**

Interactive Charts

MO Performance Q1 2019.html

MO Risk Q1 2019.html

Areas of non-compliance

High market impact

Non-compliance relates to the implementation of an escrow solution in relation to CMOS data and a failure to notify members, Ofwat and Panel within two business days of the non-payment of one invoice.

The non-compliances have reduced in this area due to recent activity, this is explained in **slides 5-6**. MOSL is actively working to resolve the remaining non-compliances.

Low – med. market impact

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					
Service	**High**	**Medium**	**Low**	**Total**	**Slide Ref.**
CMOS service management	-	-	1	**1**	***11***
Data management	-	-	-	-	
Disputes	-	-	-	**-**	
Financial settlement	-	-	2	**2**	***7***
Market charges and payments	1	-	-	**1**	***10***
Market compliance	-	-	-	**-**	
Market engagement	-	-	-	**-**	
Market entry assurance and exit	-	-	-	**-**	
Market Incident Management Plan (MIMP)	2	-	2	**4**	***8-9***
Market operator compliance	-	-	-	**-**	
Market performance and insight	-	-	-	-	
Panel and market code change	-	-	-	**-**	
Trading Party compliance	-	-	-	**-**	
Total	**3**	**-**	**5**	**8**	

Resolved non-compliances

During Q1 2019/20, 15 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	Resolution
Market Incident Management Plan (MIMP)	**Business Continuity**	**2**	• **Business Continuity Management Systems (BCMS)** ISO 22301 accreditation.	• MOSL received ISO 22301 accreditation in April 2019.
Data Management	**Data Transactions and Validation**	**1**	• **Data transactions and validation** Misalignment between CMOS and market code.	• CPW053 implemented on 17 May 2019.
	Data Corrections	**1**	• **Mechanism for recording and applying MOSL data corrections** Misalignment between CMOS and market code.	• CPW053 implemented on 17 May 2019
	Data Reporting	**2**	• **Data retention and data retention period** Misalignment between CMOS and market code.	• CPW053 implemented on 17 May 2019
	Interface Design	**3**	• **Jaspersoft report functionality** Misalignment between Jaspersoft and market code.	• CPW053 implemented on 17 May 2019

Resolved non-compliances (cont.)

Service	Process	No.	Details	Resolution
Market Performance and Insight	**Market Performance Operating Plan**	**1**	• **Annual Market Performance Operating Plan (MPOP)** Publication of the MPOP was delayed due to development of a new MPS reporting platform.	• MPOP published on 20 May 2019
CMOS Service Management	**CMOS Releases and updates**	**1**	• **Consultation responses** The second consultations in relation to **CPW047** and **CPW050** only allowed five (5) Business Days for Trading Parties to respond.	• All consultations in Q1 2019/20 allowed the full ten (10) Business Days for Trading Parties to respond.

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. • A paper was presented to panel on 22 July 2019.

Market Incident Management Plan (MIMP)

Non-compliant obligations: 9

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. • The solution requires Ofwat to enter into an deposit agreement with MOSL, CGI and the escrow provider. • Ofwat feel that they should not have any liability for the data prior to any transfer taking place and the agreement has been amended to reflect this. • An agreement has been circulated for Ofwat’s approval and MOSL are seeking to resolve this in Q2 2019/20. • Ofwat are yet to sign the deposit agreement, which means that the data cannot be deposited yet with NCC. **All parties are waiting on Ofwat’s confirmation in order to get this resolved** • MOSL will remain non-compliant with these escrow requirements until the point at which the deposit agreement is signed and the data is deposited.

Market Incident Management Plan (MIMP)
Cont.

Process	Details of non-compliance	No.	Market Impact	Close-out plan
Business Continuity	• **Business Continuity Management Systems (BCMS)** ISO accreditation was achieved within Q1 2019/20, however, two obligations remain outstanding, these relate to: • Making all relevant elements of the BCMS available to trading parties; and • Establishing a rolling annual BCMS maintenance schedule available to all trading parties.	2	Low	• This obligation will move to compliant once the MIMP committee has met in Q2 2019/20 and agreed the relevant elements and the maintenance schedule

Market Charges and Payments

Non-compliant obligations: 1

Process	Details of non-compliance	No.	Market Impact	Close-out plan
Non-payment	• **Notification of non-payment of invoice to members, panel and authority within two business days** MOSL are required to notify all Undertaker Wholesale Businesses and Retailer Businesses and the Panel and the Authority within two Business Days of the failure of a non-paying party to pay an invoice. The Wholesaler and Retailer Businesses have been notified via the website within 2 Business Days. It was identified that the Authority had not been notified of any late payments in Q1 2019/20 - the Authority is now up to date with all late payments and is now being notified within 2 Business Days. It was identified that the Panel had not been notified of any late payments since 2018 - they have not yet been updated, this will take place in August or September Panel. Th non notification to the Authority and Panel was due to transition, where Finance were not fully aware of the obligation, however, identified the issue within the quarter and have corrected their processes.	1	**High**	• Panel to be updated on late payments since April 2017 at August/September Panel meeting. • Future process for updating Panel to be agreed, as updating at Panel meeting will not meet obligation to notify Panel within 2 Business Days of failure to pay. • MOSL have updated process documents to ensure that notification is included in future.

CMOS Service Management

Non-compliant obligations: 1

Process	Details of non-compliance	No.	Market Impact	Close-out plan
Query resolution	• **Query handling** MOSL shall log all permitted enquiries raised by the Contracting Wholesaler and the Contracting Retailer and shall provide assistance to the Contracting Wholesaler and the Contracting Retailer with a view to resolving such enquiries in accordance with the relevant Working Procedure	1	**Low**	• MOSL is not currently logging 100% of the total number of enquiries received from Trading Parties. • The current process for logging requests is a manual one and requires all MOSL staff to log queries into a spreadsheet • A query management solution is being sourced for this by MOSL's internal project team

Availability of CMOS

2018/19

KPI	Target	2018/19 Performance											
		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%	100%	98.02%	100%	100%	100%	100%	100%
Customer calls / service requests dealt within SLAs	**85%**	97.7%	98.6%	99.03%	85.7%	93.2%	92.4%	90.1%	98.9%	93%	100%	98.7%	99.4%

2019/20

KPI	Target	2019/20 Performance											
		Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
CMOS Systems % SLA targets*	**99.9%**	100%	100%	100%									
Customer calls / service requests dealt within SLAs	**85%**	100%	100%	100%									