MOSL MO compliance report

Q 2020/21

MARKET OPERATOR SERVICES LTD

Overview

In both Q2 and Q3 2019/20 various obligations that had previously been reported erroneously as compliant were reported as being non-compliant. This was due to improvements in the quality of MOSL's analysis and reporting rather than a degradation in compliance. It is expected that as the Compliance Programme gets underway other obligations will be identified as being non-compliant.

MOSL has reviewed its compliance against the Market Operator (MO) obligations contained within the Market Codes for Q4 of 2019/20. The results of this review show that there were 7 non-compliances this quarter. 34 non-compliances were closed in the quarter. There is 1 new non-compliance.

Obligations			
Status	**Q2 2019/20**	**Q3 2019/20**	**Q4 2019/20**
Compliant	1,137	1,136	1,138
Non-Compliant	8	9	7
Total	**1,145**	**1,145**	**1,145**

Market Impact			
High	**Medium**	**Low**	**Total**
255	426	457	**1,138**
2	1	4	**7**
257	**427**	**461**	**1,145**

Decrease in MO obligations

The total number of MO obligations have remained static this quarter. In terms of yearly movement, the number of MO obligations has decreased from 1,146 to 1,145.

Obligations	Q4 2018/19	Q1 2019/20	Q2 2019/20	Q3 2019/20	Q4 2019/20
Net Increase / (Decrease)	(2)	(1)	-	-	-
Total	**1,146**	**1,145**	**1,145**	**1,145**	**1,145**

Interactive Charts

MO Risk Q4 2019.html

MO Performance Q4 2019.html

Areas of non-compliance

High market impact

Non-compliance relates to the implementation of an escrow solution in relation to CMOS data. These non-compliances have been mitigated and further detail is provided on slide 6.

Low – med. market impact

One new low impact non-compliance have been identified in this quarter, this relates to the review of information provided by MOSL, this review was due to take place in March 2020, but has been delayed until May 2020.

The remaining four existing non-compliances relate to Business Continuity and misalignment between code and working practices. Further details is provided on **slides 6-10.**

Market impact of non-compliance					Slide
Service	High	Medium	Low	Total	Ref.
CMOS service management	-	-	1	**1**	*9*
Data management	-	-	-	-	
Disputes	-	-	-	**-**	
Financial settlement	-	-	-	**-**	
Market charges and payments	-	1	-	**1**	*8*
Market compliance	-	-	-	**-**	
Market engagement	-	-	1	**1**	*10*
Market entry assurance and exit	-	-	-	**-**	
Market Incident Management Plan (MIMP)	2	-	2	**4**	*6-7*
Market operator compliance	-	-	-	**-**	
Market performance and insight	-	-	-	-	
Panel and market code change	-	-	-	**-**	
Trading Party compliance	-	-	-	**-**	
Total	**2**	**1**	**4**	**7**	

Resolved non-compliances

During Q3 2019/20, 1 non-compliance was 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
Financial Settlement	**Settlement Design**	1	• **Review of Volume Estimating Caps** MOSL are required to review the table within CSD0207 in the first quarter of each year. This review were last completed in November 2018. CPW059 was expected to revise the frequency of this review, however, this was returned and the review is now overdue.	• Review was conducted in Q4 2019/20.
Panel and Market Code Changes	**The Panel**	1	• **Review of Nominal Maximum Design Volume** MOSL are required to review the table within CSD0203 in the first quarter of each year. This review were last completed in November 2018. CPW059 was expected to revise the frequency of this review, however, this was returned and the review is now overdue.	• Review was conducted in Q4 2019/20
Market Operator Compliance	**MOSL Board**	1	• **Publishing MOSL Board Minutes** MOSL are required to publish minutes of their Board Meetings on their website. This has not been done since January 2019 as there is a concern over confidentiality and the ability of the Board to have full and frank discussion if the full minutes are published.	• Summary Board minutes have been published since January 2020.

Market Incident Management Plan (MIMP)

Non-compliant obligations: 4

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	• Source Code for CMOS is stored with an Escrow provider. • MOSL believe that the requirement for data storage is an insufficient control due to the timeframe between deposits (monthly). • Alternative arrangements have been made, which include an alternative back up to an Azure server. • This obligation will remain non compliant, unless the code is amended to reflect the enhanced protections MOSL has put in place.

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	• These obligations will remain non complaint until the MIMP committee is formed or CPW068 & CPM017 are implemented.

Market Charges and Payments

Non-compliant obligations: 1

Process	Details of non-compliance	No.	Market Impact	Close-out plan
MO charges	• **Allocation of the costs of capital expenditure between current and future trading parties** MOSL are required to allocate the costs of capital expenditure equitably as between current and future Undertaker Wholesale Businesses and Retailer Businesses. During a review of his code obligations MOSL's Interim Finance Director identified that the method used by MOSL is not in line with the code, however, MOSL have been using an agreed method since market opening. Following identification this was notified to MOSL's Board and discussions are currently taking place as to how this will be resolved moving forward. It is should be noted that the cost of capital expenditure has been allocated in the same manner as operating expenditure.	1	**Medium**	• Post market opening MOSL has had a relatively low level of capital expenditure (£636k in 2018-19) It would therefore be neither appropriate nor proportionate to have a system to allocate such expenditure across multiple years. • However this will be kept review and should capital expenditure rise to a material amount The board will review and if necessary consult with the panel.

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

Market Engagement

Non-compliant obligations: 1

Process	Details of non-compliance	No.	Market Impact	Close-out plan
Publications	• **Provision of Information** MOSL are required provide certain information and materials to the general public, the Panel and Trading Parties. The information to be provided must be approved by Panel on an annual basis, this was last approved in March 2019.	1	Low	• The information to be provided is to be approved at the May 2020 Panel.

Availability of CMOS

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%	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

		2019/20 Performance											
KPI	**Target**	**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%	100%	100%	100%	100%	100%	100%			
Customer calls / service requests dealt within SLAs	**85%**	100%	100%	100%	100%	83.33%	100%	100%	100%	100%			