

COMMISSION CHANGE PROPOSAL

Form
version 2.1

Change Proposal reference
(To be completed by the TP Sec.)

MCCP249 – CC

Version No.

D.1

PART A — SUBMISSION

A.1. GENERAL DETAILS

A.1.a. TITLE

POLR & GS Opt Outs

A.1.b. CONTACT
NAME

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A.1.c. ASSOCIATED
DOCS.

A.2. MCCP / OCCP DETAILS

A.2.a. ISSUE OR DEFECT WHICH THIS MCCP / OCCP SEEKS TO ADDRESS

The current drafting of the Market Code (Sections 5.3.6 and 5.4.11) identifies that a Licensed Provider may not opt out of the POLR arrangements, or the Gap Site allocation arrangements, respectively, for a given Financial Year, if they hold 20% or more of market share at the end of the preceding Financial Year. The Market Code also identifies that these market share calculations should be based on the most recent R1 settlement run prior to that deadline.

However, the Commission is of the view that, whilst this obligation is generally appropriate, it fails to acknowledge that there may be circumstances where a Licensed Provider's market share may be known to be subject to a significant reduction from one Financial Year to another, for example, when a public sector contracting round or an acquisition of a retailers' customer book has recently been concluded.

This Commission Change allows Licensed Providers who have market share above 20% at the end of a given Financial Year, but expect it to be equal or drop below 20% as of the start of the next Financial Year to be subject to an additional estimation of their market share for the upcoming Financial Year, by reference to the most recent P1 settlement run. If the P1 settlement run confirms that market share will be equal or drop below 20% in the new Financial Year, POLR and Gap Site Opt Outs for that Financial Year will remain an option for the Licensed Provider.

A.2.b. DRAFT LEGAL TEXT
Required under Market Code Parts 8.7.1 (ii) (d) and 8.8.1 (ii) (d)

For POLR Opt Outs, the following changes to the Market Code (Section 5.3.6 (i)(c)(3)) should be made (red text):

For the purposes of opting out for any given Year, no Licensed Provider that holds more than 20% market share at the end of the preceding Year (based on their wholesale charges from the most recent R1 Settlement Run), may choose to opt out and must therefore always accept POLR Supply Points, **unless, following a notification from the Commission that such Licensed Provider is anticipated to hold 20% or less market share at some point in the Year, such Licensed Provider holds 20% or less market share, based on their wholesale charges from the most recent P1 Settlement Run in the preceding Year.** No Licensed Provider will have its POLR status change during the course of a Year due to changes in its Market share i.e. opt outs are valid for an entire Year.

For Gap Site Opt Outs, the following changes to the Market Code (Section 5.4.11.(iv)(c)) should be made (red text):

For the purposes of opting out for any given Year, no Licensed Provider that holds more than 20% market share at the end of the preceding Year (based on their wholesale charges from the most recent R1 Settlement Run) may choose to opt out and must therefore always accept Customers at Gap Sites in accordance with Section 5.4.11 (iii), **unless, following a notification from the Commission that such Licensed Provider is anticipated to hold 20% or less market share at some point in the Year, such Licensed Provider holds 20% or less market share, based on their wholesale charges from the most recent P1 Settlement Run in the preceding Year.** No Licensed Provider will have its Gap Site status change

during the course of a Year due to changes in its Market share i.e. opt outs are valid for an entire Year.

A.3. IMPLEMENTATION DETAILS

A.3.a. TP ACTION REQUIRED

NONE

A.3.b. REQUIRED IMPLEMENTATION DATE

May 2020 (with the script-based approach. Subsequent system changes will be delivered in September 2020)

A.3.c. ANY LIMITATIONS OR DEPENDENCIES FOR IMPLEMENTATION

A.4. ANY OTHER COMMENTS

Indicative URs for the Commission Change are as follows:

UR 1 (Trading Party URS UR 5 Market Share Validation). New or modified text is identified in red, as follows:

UR 1.1 (TP URS New UR 5.1) When there is a change to the Gap Site (or POLR) status submitted for an FY, **by an LP**, further validation will be performed to check whether the Market Share (by charge, based on the most recent published R1) that the LP has, is greater than or equal to 20%. If this is the case, then Opt Out will be prevented; a message will be displayed saying that: 'The organisation must have less than 20% Market Share in order for the Gap Site (or POLR) Status to be updated. **If this status is considered to be the case, as identified by the most recent P1 Settlement Run, the LP should contact the Commission.'**

UR 1.2 (TP URS New UR 5.2) When there is a change to the Gap Site (or POLR) status submitted for an FY, **by the CMA**, further validation will be performed to check whether the Market Share (by charge, based on the most recent published R1) that the LP has, is greater than or equal to 20%. If this is the case, then a message will be displayed saying that the organisation must have less than 20% Market Share in order for the Gap Site (or POLR) Status to be updated.

UR 1.3 (TP URS New UR 5.3) The message should also identify a tick box, asking whether a P1 Settlement market share test is required. If this box is ticked, a calculation of market share by charge (including TE) should be executed (in a similar way to that used currently for the LVI), but by recourse to the most recent P1 Settlement Run and the resultant market share value and % for the LP presented via a modal window.

UR 1.4 (TP URS New UR 5.4) Only if this market share value is 20% or lower can the Gap Site (or POLR) Status be updated.

UR 2 Gap Site and POLR Opt Out Status Script. The following script should be developed and run as follows:

- Title: GS & POLR Opt Out.
- Input Data:
 - Financial Year
 - LP
- Processing:
 - The market share by charge (including TE) should be run, using the most recent P1 Settlement Run in the FY prior to the identified FY.
 - If the outcome of this calculation identifies a market share for the identified LP as 20% or less, the LP's status for both GS and POLR should be updated to Opted Out.

UR 3 LWIs (CMA Admin Only). LWI 105 should be updated to reflect the P1 Settlement based process for allowing opt outs.

PART B — IMPLEMENTATION

B.1. IMPLEMENTATION DATE	2020-05-14 (Part 1)
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B.2. IMPLEMENTATION DETAILS (MC version, CSD versions, CMA Central Systems release number, etc.)
