

# COMMISSION CHANGE PROPOSAL

Form  
version 2.1

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

**MCCP237 – CC**

Version No.

**D.1**

## PART A — SUBMISSION

### A.1. GENERAL DETAILS

A.1.a. TITLE

POLR Cap

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

In 2012 the Commission changed the POLR arrangements to allow smaller Licensed Providers who hold less than a 20% market share to opt out of the POLR allocation process. More recently WICS launched a Retail Market review and in November 2018 consulted on potential changes to the Provider of Last Resort (POLR). During the consultation Commission set out its concern about the increased risk of Licensed Provider insolvency and the impact that could have on customers. The Commission has, therefore, reviewed the risks associated with a large Licensed Provider's financial failure to ensure Licensed Providers who do opt-in to the POLR mechanism have sufficient financial and operational capability to serve all customers transferred to them if POLR is triggered. The proposed change wants to ensure that the reallocation of the POLR Supply Points does not cause a domino effect on other (smaller) Licensed Providers who have opted in to the scheme.

The consultation has now closed and in December 2018 WICS published a decision setting out changes to the POLR mechanism. In line with the decision published in the consultation response and decision document, the Commission Change identifies Market Code changes that, if a 'Provider of Last Resort' (POLR) event were to occur, would cap the allocation of Supply Points from the Designated LP to those LPs that had not opted out of POLR to a number equalling twice the number of Supply Points registered to them at that time. The consultation response also identifies a requirement that an annual report should list the POLR LPs and be made available to all market participants.

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

**Section 5.3.6 (i) (c) (4) of the Market Code** shall be modified, as follows (see red text):

The particular POLR Supply Points allocated to each Licensed Provider shall be allocated on a random basis, subject to the following provisos; a) that where a Water Services Supply Point and an associated Sewerage Services Supply Point exist at a Customer premises, they shall, so far as is practical, be allocated to one Licensed Provider ~~and~~ b) that where the Customer Names for a number of Supply Points are determined by the CMA to be sufficiently similar, all such Supply Points will be allocated to one Licensed Provider, so far as is practical ~~and~~ c) that the number of Supply Points allocated to a Licensed Provider shall not exceed twice the number of Supply Points Registered to that Licensed Provider on the date when the POLR allocations are identified, plus one, excluding those Supply Points that are the subject of the allocation process and any Supply Points that are Deregistered or Permanently Disconnected.

**A new Section 5.3.6 (vi) of the Market Code** shall be added, as follows:

The CMA shall provide a listing of all Licensed Providers, identifying those that have not opted out of the POLR allocation arrangements for a given year, within 2 Business Days of becoming aware of such information.

**CSD0302** should be modified to include the following new Section 6 POLR LP Listing:

## 6.1 Introduction

The CMA shall provide the Trading Parties (TPs) with the POLR LP List which will include all LPs and whether they are POLR LPs (also described as opted in) or if they have opted out of the POLR arrangements both for the current FY and for the following FY, subject to the existing timescales on availability of data (for example, the POLR status for the following FY only becomes available from 15 BDs prior to that FY).

## 6.2 Timetable and Distribution

The CMA shall provide the POLR List for the current FY, via the LVI, within 2 BDs of the start of that year and shall update the POLR List within the year, within 2 BDs of becoming aware of any change to the opt out/opt in status of any LP. The opt out/opt in status for the following FY will also be provided within 13 BDs prior to the start of the next FY. The CMA shall also provide the above on a secure data storage area for Trading Parties, on request.

## 6.3 Extraction Rules

All existing LPs.

## 6.4 File Structure

The POLR List has the following filename: polrlist-<yyyy>.xls. The first line is the header line; subsequent lines contain the detailed information.

## 6.5 Detailed Record Content

Field name	Explanation	Type	Notes
Org Name	Name of the LP. To include only LPs that are opted in to the POLR Process.	Free text	
D4001 Org ID		varchar (6)	
D4014 Trading Party Type	Identifies the type of License held (Full, Self Supply, Specialist or Terminated)	String	
POLR Status Current	Identifies the POLR Status of the LP (either Opted Out or POLR LP – equivalent to Opted In)	String	Radio buttons for opted in/opted out
POLR Status Next	Identifies the POLR Status of the LP (either Opted Out or POLR LP – equivalent to Opted In)	String	Radio buttons for opted in/opted out

### A.3. IMPLEMENTATION DETAILS

#### A.3.a. TP ACTION REQUIRED

NONE

#### A.3.b. REQUIRED IMPLEMENTATION DATE

September 2019

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

The Indicative User Requirements for the CMA CS changes required to give effect to the Market Code changes are as follows:

##### POLR Process

**UR 1 POLR Cap.** A further proviso that should be applied to all of the allocation processes (allocation of SPID pairs, WS SPIDs and SS SPIDs) is that the number of SPIDs allocated to a POLR LP must be less than or equal to twice the number of SPIDs (excluding those with a D2025 SPID Status of REJ, PDISC or DEREG) for which the POLR LP is the Current LP on the date of the POLR run, plus 1.

**UR 1.1** If this threshold is reached for a POLR LP and SPIDs remain to be allocated, that LP should not be allocated any further SPIDs (noting that SPID pairs and Customer Name Groups should not be compromised).

**UR 1.2** If the threshold is reached for all POLR LPs and SPIDs remain to be allocated, the threshold proviso should subsequently be ignored and the allocations should then continue without this proviso.

POLR Process Reports

**UR 2 SW/LP POLR Report.** An additional column should be included in this report, identifying for each POLR LP; the number of SPIDs allocated that are in excess of the LP's POLR Cap ('Not Reached' if the number of allocated SPIDs is less than the cap, 'Zero' if the number of SPIDs allocated is equal to the cap and the number of allocations in excess of the cap if the cap has been exceeded).

**UR 3 CMA Report.** The number of allocated SPIDs in excess of the POLR Cap for that LP ('Not Reached, Zero, or the relevant number) should be included, as part of the LP specific data.

Annual Report on POLR LPs

**UR 4 POLR LP List.** The existing POLR Status page (under Admin) on the LVI should be made available to all suitably authorised Users on a read only basis, but with the message regarding editing limitations removed. This report should be available under the Reports tab of the LVI.

A.4. ANY OTHER COMMENTS

## **PART B — IMPLEMENTATION**

B.1. IMPLEMENTATION DATE	2019-10-24
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B.2. IMPLEMENTATION DETAILS (MC version, CSD versions, CMA Central Systems release number, etc.)	
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CMA CS v5.4 MC v42 CSD0302 v13	
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