



# Market Entry Assurance Certification

An overview and the detailed process

26 February 2016

# About this document

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This document provides an overview of Market Entry Assurance Certification (MEAC) and a detailed view of the Market Entry Assurance (MEA) based upon CSD0001 Market Entry Assurance and Reassurance.

The slide pack aims to help market participants understand how the MEA process relates to them, including defining the potential MEA routes an applicant could take, activities in the process, and how to follow the process.

Of the documents in this set, this slide pack should be read first, followed by the below documents in the listed order:

- Trading Application (updated version released February)
- Applicant Information Return (updated version released February)
- Pro-forma Market Entry Assessment Plan and Guidance (released February)
- Self-Certification Declaration (released February)
- Security Return (released February)
- Business Solution Assessment (released February)
- MOSL Detailed MEA Test Plan (released in due course)
- Systems Declaration (released February)

This pack, and the associated documents, are due to be discussed at the Market Entry Assurance SIG on 8 March 2016.

# Support for Applicants

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The MOSL Certification team will provide support on and manage the MEA process for an Applicant. This team will deal with matters associated with achieving certification, including the management of decision-making within MOSL. Contact with this team should be via the [MEAC@mosl.co.uk](mailto:MEAC@mosl.co.uk) email address.

The MOSL Test team will provide detailed technical support in relation to test planning, management and execution.

During the period of test execution, MOSL will allocate each Applicant a named individual with testing expertise to provide technical support. This is necessary because execution will require the co-ordinated execution of test steps by MOSL and the Applicant.

The MOSL Certification team will provide updates to and work closely with Portfolio Managers. Portfolio Managers will continue to provide general support to their allocated market participants. They will ensure that they are fully informed of progress of MEAT but are not in a position to manage the detailed MEA process for an Applicant or provide detailed technical support.

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# What is Market Entry Assurance Certification?

# Trading Conditions

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The market codes require that market participants wanting to enter the market fulfil the Trading Conditions before they are able to trade in the market.

The Trading Conditions are that a wholesaler or retailer as appropriate:

- a) Has applied to be admitted to trading by completing and delivering an accurate trading application to the market operator,
- b) Has completed the Market Entry Assurance process,
- c) Holds an Appointment or a Water Supply Licence and/or a Sewerage Licence,
- d) In the case of a Retailer only, has entered into a Wholesale Contract(s) in relation to the Area(s) in which it intends to trade <sup>[1]</sup>,
- e) Has become a member of MOSL, and
- f) Has entered into an Accession Agreement [Framework agreement for initial parties] to be admitted as a party to the Market Arrangements Code.

These trading conditions apply to undertakers seeking wholesale MEAC; undertakers seeking retail MEAC; and all retailers who wish to hold a WSSL.

[1] Wholesalers will still need to consider the process they need to follow in order to enter into a Wholesale Contract(s) with retailers

# Market Entry Assurance Certification

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- MEAC provides assurance that a company seeking to become a trading party has the required systems, processes and capabilities to fulfil its market obligations.
- MEAC applies to the business capability of the applicant, rather than necessarily to the legal entity itself, meaning the Certification can be transferred from an incumbent undertaker to an associate retailer following approval to exit.
- All companies seeking to participate in the new English market are required to achieve MEAC, including those who are not registered in and/or currently do not operate within England
- A company must gain MEAC, and satisfy the other trading conditions, in order to become a trading party and be granted access to the central market operating system (see previous slide)
- Retailers who wish to hold a WSSL must pass MEAC before Ofwat will grant the licence <sup>[1]</sup>
- MEAC must be achieved for a market participant to be allowed to complete the final Initial Data Upload and both must be attained, in order, for a market participant to enter the shadow market
- MEAC can be obtained on the basis of planned implementation of processes required to comply with the Operational Terms

[1] Ofwat's consultation on the WSSL application process is available [here](#).

# Types of certification

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There are two types of certification: retail certification and wholesale certification.

Market participants need to achieve MEAC for each of the roles through which they intend to operate in the live market. Any incumbent water company needs a Wholesale **and** a Retail MEA Certification, regardless of their size. These should be applied for separately as part of the first tranche MEA process, starting in April 2016.

For clarification, the applicant must seek MEAC based upon the capability by which it will operate in the live market.

However the process allows for applicants to deliver aspects of their operational capability after the start of the shadow market, specifically that capability that is needed to comply with the operational terms. If an Applicant chooses to delay delivery of this capability then it will need to provide an appropriate level of assurance, within its business solution assessment for the enhanced path, about its plans to obtain certification. It will also need to undertake planned re-assurance following the implementation of these processes.

In practical terms MOSL expects that implementation of these processes might thereby be delayed until December 2016 at the latest – as any later delivery would make it difficult to provide the formal assurances required by Defra under the Assurance Framework (the third letter being due in February 2017).

For the avoidance of doubt this does not apply to the capability that an applicant needs to build to interact with the market operator, which will be tested within Interface and Data Transaction Testing and Market Scenario Testing.

# MEA Terminology

This table provides a definition for some of the terms covered in greater detail in this presentation.

Term	Definition
Market Entry Assurance (MEA)	The process all potential Trading Parties need to undergo to gain MEAC, in order to enter the market.
Market Entry Assurance Certification (MEAC)	Certification granted as a result of successfully completing MEA. It is necessary but not sufficient to enter the market, as other elements such as successful final initial data upload (for Wholesalers) and holding a relevant licence are also required.
Market Entry Assurance Testing (MEAT)	Part of enhanced MEA certification includes testing for the HVI; Interface & Data Transaction Testing and Market Scenario Testing. Both elements must be successfully completed in order to grant MEAC.
First tranche MEA	The process all market participants need to undergo to gain MEAC in time for the Shadow Market. It's a bounded timeline starting from April 2016.
Remedial MEA	A second attempt at Market Scenario Testing for market participants who have failed to complete Market Scenario Testing as part of first tranche MEA.
Re-assurance	Re-assurance is the activity of repeating elements of the MEA process during the Shadow Market, required where significant changes are made to MEA-certified business models, systems or processes prior to market opening. Participants cannot use it as a first attempt at MEA.
Business-as-usual MEA	Business-as-usual assurance is a route to MEAC which starts after the last submission date for first tranche MEAC, and can be used by currently unknown New Entrants to enter the market MOSL will grant MEAC in time for market opening if the process is completed by the 24 <sup>th</sup> February 2017. Business-as-usual MEAC can also run into, or start in, the live market, at which point the process reverts to that detailed in CSD0001.

# MEA, Licencing, and Retail Exit

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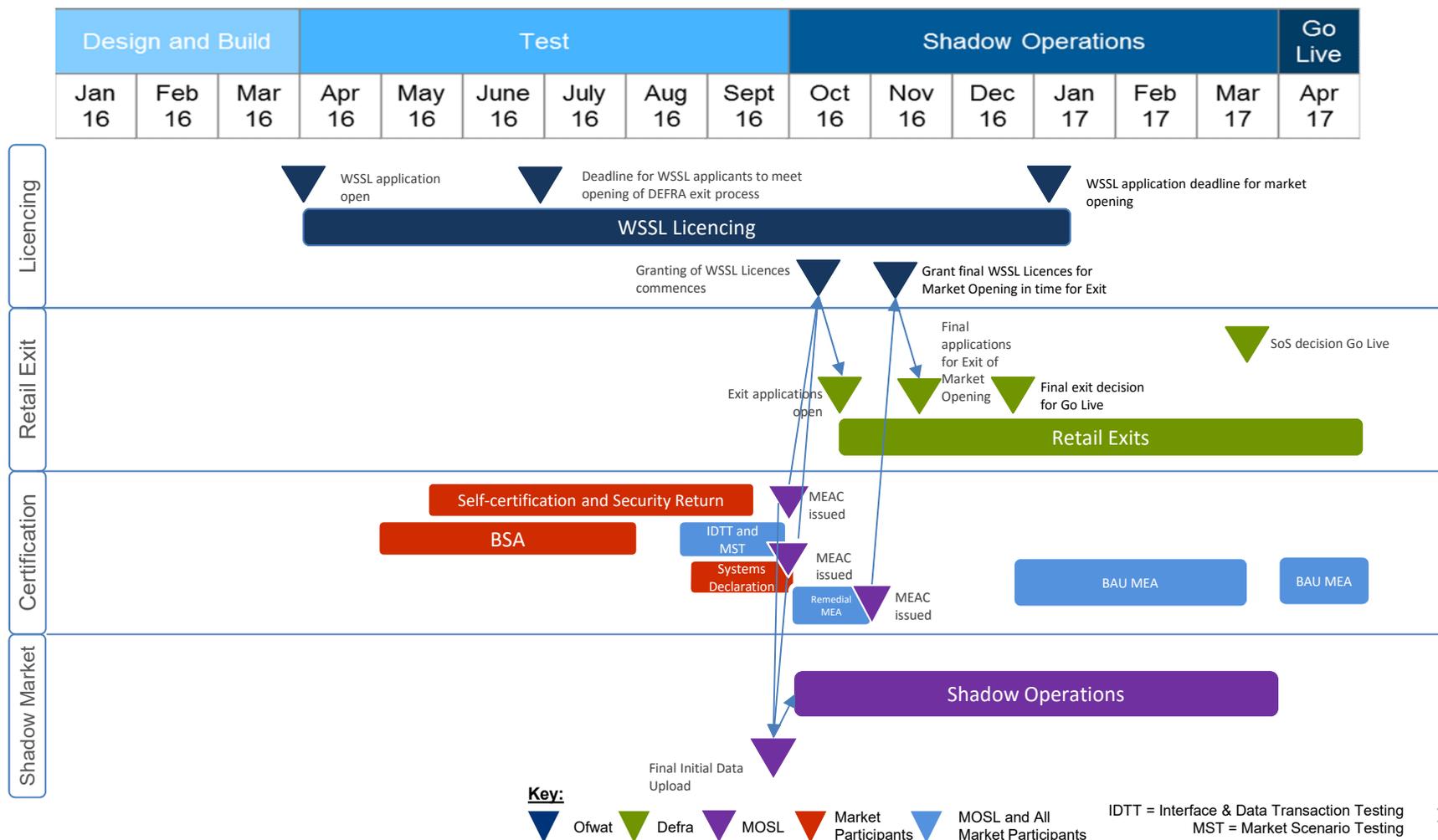
As provided for within the market codes, MEA is aligned with Ofwat licencing and Retail Exit (managed by Defra). The following slide provides a timeline of the MEA process alongside Ofwat’s Licencing process and Defra’s Retail Exit timeframe.

Participants who do not hold MEA Certification will not be granted a WSSL and will be unable to participate in the market or exit the market. They will also be unable to participate in the Shadow Market.

Ofwat’s WSSL application process opens in April 2016. The WSSL process and MEAC process will run and be managed separately by Ofwat and MOSL respectively. However, the outcomes of each process are interdependent. As such it is vital that if a company is seeking to attain a WSSL that they seek MEAC for the same business (in terms of scale, solution and interfaces) which they are applying for a WSSL.

Whilst achieving MEAC will factor in Ofwat’s decision for granting a WSSL, MOSL certifying a market participant in no way removes the discretion of Ofwat to approve or reject a licence application. Equally, even if all market participants achieve MEAC, this does not affect the discretion of the Secretary of State in making the decision to open the new market.

# MEA, licencing and retail exit



# Transfer of a certification (1/2)

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## What is a transfer?

The option to transfer certification is being provided to help facilitate retail exit. The timing of exit applications means that an incumbent undertaker must have already entered the shadow market before they can apply to exit. Therefore an incumbent undertaker must have passed MEAC.

MEAC applies to the operating model, systems and processes detailed in the application. As such, the Certification applies to the business capability of the applicant, rather than necessarily to the legal entity itself. This enables the **transfer** of a Certification. In particular, this would allow for situation where the business capability of an incumbent retailer is transferred to an associate retailer. The Certification gained for that capability can also be transferred.

This applies only to the transfer of the **specific and entire** capability already certified.

MEAC can only be transferred one way; from the incumbent retailer who must have already entered the shadow market, to the associate retailer who will use the certified business capability for operation in the market.

## Timing of a transfer

The ability to transfer certification will enable the undertaker to achieve MEAC and then, following a successful exit application, transfer this certification to the associate retailer which will be operating in the market, and which will also have the capability assured under MEAC.

As such, this option **only** applies in the above circumstances and is **time limited**. It will disappear after the deadline for exit applications in time for go-live has passed. For certifications sought after this date, MOSL would expect the retailer seeking to operate to have implemented the required capability before applying for MEAC.

## Transfer of a certification (2/2)

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### **Process for transferring a certification**

MOSL recognises there are a number of different scenarios where market participants may wish to transfer a certification and encourages market participants who are seeking to contact MOSL in the first instance to discuss this via [MEAC@mosl.co.uk](mailto:MEAC@mosl.co.uk).

In order to transfer certification, applicants will need to declare this intention on their Applicant Information Return (AIR) in **Section b) High level operating model**, along with their intended timeframe for doing so.

MOSL will formally review any requests for the transfer of a certification prior to agreeing, or otherwise, the AIR and Market Entry Assurance Plan.

When the agreed transfer of the business capability has occurred, MOSL must be informed the transfer is complete and MEAC should be transferred by submitting a Transfer Declaration Form to [MEAC@mosl.co.uk](mailto:MEAC@mosl.co.uk).

This is a self-declaration that both the exiting and receiving retailer should complete, to confirm the entirety of the business capability certified has been transferred, as planned, and that both parties are therefore confident this is a compliant business solution.

This pro forma declaration will be released during March.



## MEA timeline

## MEA timeline

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The following timeline (next slide) provides windows in which applicants must complete the various stages of their MEA process.

In order to initiate the MEA process, applicants must hold an Instrument of Appointment (IoA), or have applied for a WSSL from Ofwat. MOSL would only expect to see applications during June in exceptional circumstances. Due to the tight timescales for first tranche MEA, MOSL will not wait for Ofwat to confirm they are inclined to issue a licence for pre-April 2017 applications as set out in CSD0001.

MOSL would strongly advise participants to undertake the MEA process as soon as is realistically possible, to:

- Increase the time available for each phase;
- Increase the time available for closing down any identified risks, and;
- Increase the likelihood of achieving MEAC and entering the shadow market.

A table of preferred and absolute deadlines for the process is provided on slide 17.



# MEA - Document submission deadlines



The following table provides an overview of the earliest and latest dates applicants can submit documents in order to complete MEA in time for Shadow Market. MOSL would prefer for applicants to submit documents as early as practicable, to aid in processing. MOSL will seek to provide responses for applicants as soon as possible, to aid in early submissions. MOSL’s intended response timeframes are provided on slide 44.

Document	Earliest date	Preferred deadline	Absolute deadline
Trading Application	3 <sup>rd</sup> April	29 <sup>th</sup> April	30 <sup>th</sup> June
AIR	When receipt of Trading Application has been confirmed by MOSL	6 <sup>th</sup> May	8 <sup>th</sup> July
MEA plan	When receipt of Trading Application has been confirmed by MOSL	6 <sup>th</sup> May	8 <sup>th</sup> July
Self-Certification Declaration	When MOSL’s AIR confirmation is received	12 <sup>th</sup> August	9 <sup>th</sup> September
Security Return	When MOSL’s AIR confirmation is received	12 <sup>th</sup> August	9 <sup>th</sup> September
BSA	When MOSL’s AIR confirmation is received	8 <sup>th</sup> July	29 <sup>th</sup> July

# Changes required to the Integrated Plan



MOSL has identified a number of changes required to the integrated market opening plan in order to ensure that the MEA process milestones are fully aligned with the more detailed process. MOSL is confident that these changes will benefit market participants.

Type of change	Item	Current timing on integrated plan	Updated timing on integrated plan
Movement and extension	Market Entry Business Solution Assessment	Early March to mid-May 2016	Early April to end July 2016
Movement of milestone & renamed	TP Market Entry Assurance Certification confirmed & complete; rename to Market Entry Assurance Certifications issued	November 2016	End September 2016
Add milestone	Deadline for achieving Market Entry Assurance Certification for retail exit	n/a	October 2016
Rename milestone and move	TP Market Entry Assurance Certification issued to all TPs; rename to Final Market Entry Assurance Certifications issued for go-live	Early February 2016	Late February 2016

MOSL will be proposing these changes via the Programme Management Group (PMG).



# MEA Detailed Process

# Flexible approach for Applicants

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The pre-Live Market MEA process, outlined in these slides, is based upon CSD0001: Market Entry Assurance and Re-Assurance. However, recognising that prior to market opening there is a significant number of companies requiring MEAC, MOSL has amended the approach to make it more pragmatic.

One of the most significant changes is that as long as applicants have full and complete plans for implementation and can provide third party assurance that these plans are credible, they can begin the MEA Process without having these plans fully realised.

Market participants must have completed their implementation of their plans prior to the shadow market. **The key exception to this, is that MOSL will increase flexibility for market participants by allowing them to achieve MEAC without having fully met their obligations under the Operational Terms (i.e. bilateral processes).**

This approach acknowledges that some changes to meet the requirements in the Operational Terms may not make sense for companies to have implemented before the shadow market opens. However, companies will have to provide third party assured mitigation plans and will be subject to planned reassurance.

We recommend applicants submit all documentation as early as possible to allow themselves, and MOSL, the greatest possible timeframe to proceed through the process.

Early submission of documents benefits participants by:

- Increasing the time available for each phase of the process;
- Increasing the time available for closing down any identified risks, and;
- Increasing the likelihood of achieving MEAC and entering the shadow market.

Notable changes to the process are outlined on the next slide.

# Specific changes within documents

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A key difference in all the documents is the adaptation of some conditions in recognition that this is a newly opening market, which is not accounted for in the CSD. For instance, an applicant's systems and processes may not be fully implemented at the time of submission of all documents; as long as applicants have complete plans for implementation, they will be able to begin the MEA process before fully implementing these plans.

## Key changes in the Applicant Information Return (AIR)

CSD0001 lists the AIR in two parts; Level 1 and 2. These have been consolidated to simplify the process, and should be completed all at once. The information in the AIR will be used to assess the applicant's key decisions, including their proposed approach to the Business Solution Assessment.

## Market Entry Assurance Plan (MEA Plan)

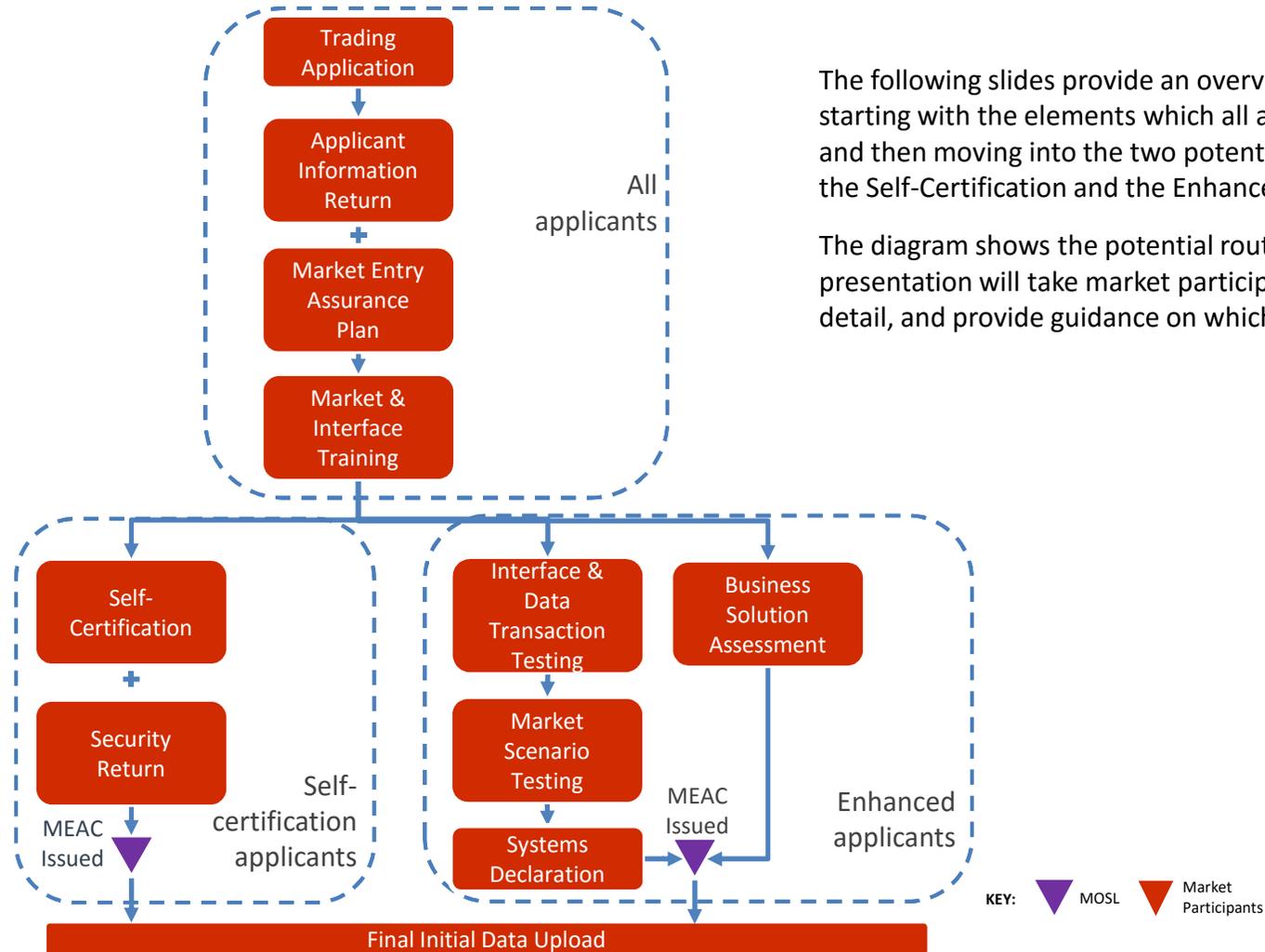
The MEA Plan is to be drafted by the applicant, and agreed by MOSL. It should be submitted at the same time as the AIR, rather than as the next step.

## Business Solution Assessment (BSA)

The BSA will be a self-assessment, rather than completed by MOSL. To reflect the nature of self-assessment, MOSL has added a risk consideration aspect to the form.

The requirement for some additional documents to be submitted has been removed; however these documents should still be self-assessed.

# MEA process overview

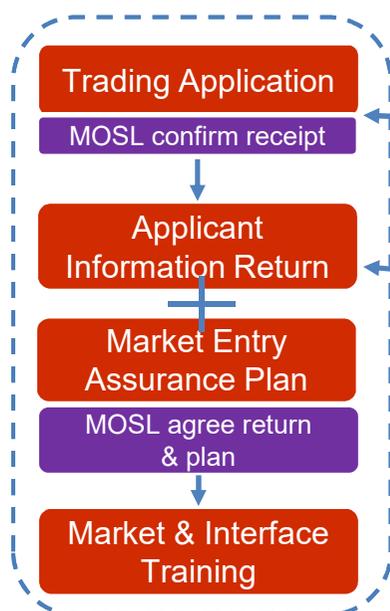


The following slides provide an overview of the MEA process, starting with the elements which all applicants must complete and then moving into the two potential routes to Certification; the Self-Certification and the Enhanced routes.

The diagram shows the potential routes. The slides later in this presentation will take market participants through each stage in detail, and provide guidance on which route to take.

# MEA – Process for All Applicants

Market participants should complete Market Entry Assurance for each of the businesses through which they seek to attain a licence and / or compete in the market.



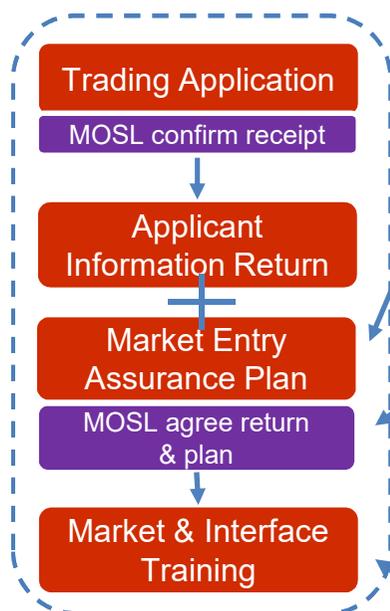
The Trading Application is a basic form to be used by all applicants to initiate the MEA process.

Applicants should submit their AIR and draft Market Entry Assurance Plan together.

The Applicant Information Return is a questionnaire which asks applicants about their preparations for market operations, and how their processes, systems, policies and resources will be developed and operated to ensure ongoing compliance with the market codes.

There are also a number of key applicant decisions required, such as which route to MEA certification they think they require (self-certification or enhanced), their planned approach to the Business Solution Assessment (*enhanced applicants only*) and proposed approach to testing (*enhanced applicants only*).

# MEA – Process for All Applicants



The MEA Plan or MEAP is designed to assist applicants in setting out the timing of the rest of their MEA activities, and to allow MOSL to plan resourcing accordingly.

It should be submitted by applicants in draft, using the pro forma MEA Plan as guidance, and will be agreed alongside the AIR submission by MOSL.

While applicants will not be strictly held to the dates provided in the MEA Plan, where their dates are likely to deviate, they are required to inform MOSL to enable appropriate resource planning.

MOSL will review an applicants AIR and MEA Plan and will challenge or agree:

- Route to MEA certification (self-certification or enhanced);
- Planned approach to the Business Solution Assessment (*enhanced applicants only*);
- Proposed approach to testing (*enhanced applicants only*);
- In addition to providing an early view on preparedness for market operations, raising any areas of risk or making requests for further information.

Market & Interface training will consist of a number of modules, which will run in June 2016. MOSL will develop a list for retailers and wholesalers respectively which will ensure the scope of training is consistent with CSD0001.

The dates for MIT will be released in March 2016. Applicants should confirm the number of attendees in their Trading Application, and whether they intend to complete training on the HVI or LVI. MOSL will then allocate training dates.

# Route to MEA Certification

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The scope of Market Entry Assurance to be applied to an applicant will depend on the circumstances of the market participants applying, specifically:

- The nature of its business solution;
- The scale of operations, and;
- The interfaces with CMOS which they intend to use.

The decision to progress through Self-certification or Enhanced MEA should be made by all applicants, using the following criteria, as set out in an applicant's Applicant Information Return.

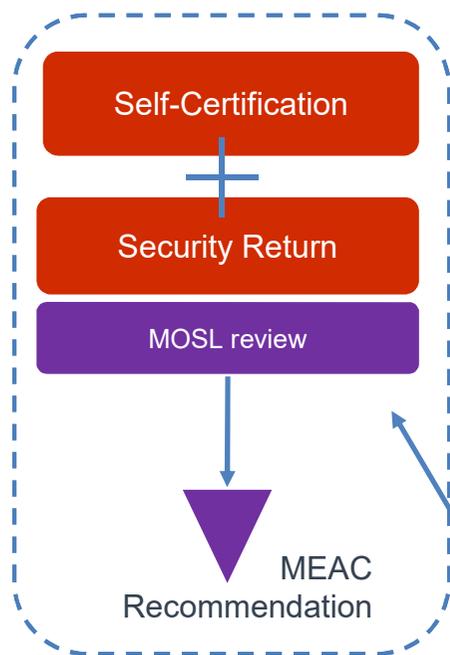
## **Self-certification**

- Systems and processes mainly manual, AND;
- Small scale operations, AND;
- Use of Low Volume Interface only.

## **Enhanced**

- Systems and processes partially automated, OR;
- Medium to large scale operations, OR;
- Use of High Volume Interface.

# MEA – Self-Certification



The Self-Certification is a declaration that enables applicants, where the risks of attaching to the participants systems and processes are low, to certify their own readiness to participate in the market.

The Self-Certification approach is consistent with the BSA, in that they both ask applicants to provide assurance they understand their obligations within the Market Terms and CSDs, and Business and Operational Terms, and have the capability to meet those obligations. Due to the anticipated reduced risk, the Self-Certification is expected to be lighter-touch than the BSA, in the level of information provided, the breadth of 3<sup>rd</sup> party assurance, and the level of assurance expected.

Companies need to have confidence that they have applied the self-assessment approach in a robust way, and will at least need to provide third party assurance in relation to their approach to the Self-Certification Declaration.

The Security Return is a brief questionnaire applicants must complete, to be assessed by MOSL, regarding their management of the CMOS Portal, including the MOSL Low Volume Interface. It aims to provide additional assurance around the applicant’s approach to management of transactional interfaces with MOSL’s systems. The return addresses some of the security requirements set out in CSD0400, CSD0402 and CSD0007.

In completing the Security Return and Self-certification , applicants must have a thorough understanding of their obligations as set out in the market framework and must have completed the Market Interface Training before submitting the documents.

MOSL will review the Self-certification and Security Return, and may seek further clarification or evidence in order that certification can be successfully completed.

For next steps, see **MEA Governance**.

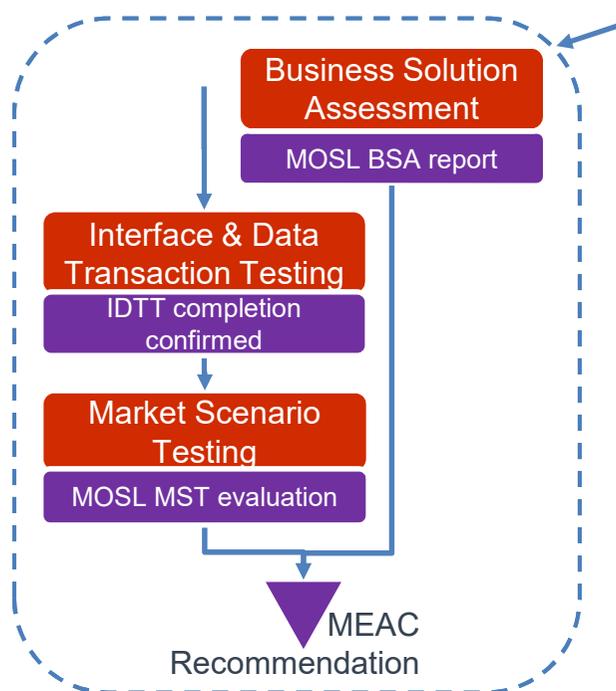
# MEA – Enhanced Certification

## BSA

The BSA, prior to the live market, is a self-assessment where applicants are required to undertake their own assurance to gain confidence that they have the capabilities to deliver their obligations in the market, as defined in market codes and legal framework. They then provide assurances to this effect to MOSL alongside supporting evidence in the form of a commentary on how they achieved this confidence, a third party assurance report and anything else as appropriate.

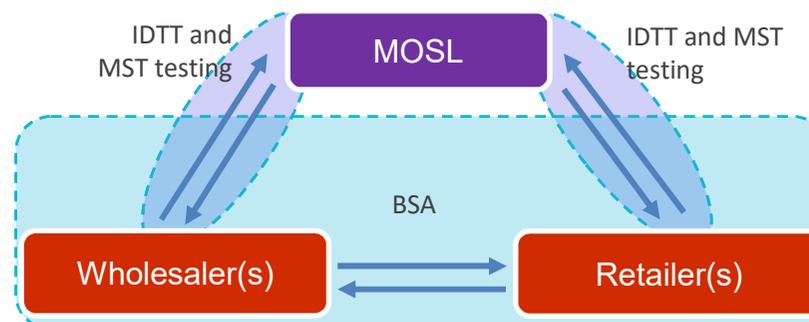
The BSA can be completed for systems and processes which are not yet fully implemented, providing adequate plans are in place to do so. In providing these assurances, applicants should consider in scope anything the applicant needs to do to effectively operate in the new retail market, including all bilateral transactions. It should also address any outstanding areas of risk or concern identified in the AIR. It does not include existing company obligations that sit outside of the market codes, for instance managing leakage from a Wholesale perspective.

In this way, the three elements of Enhanced MEA should cover all market transactions (see diagram below).

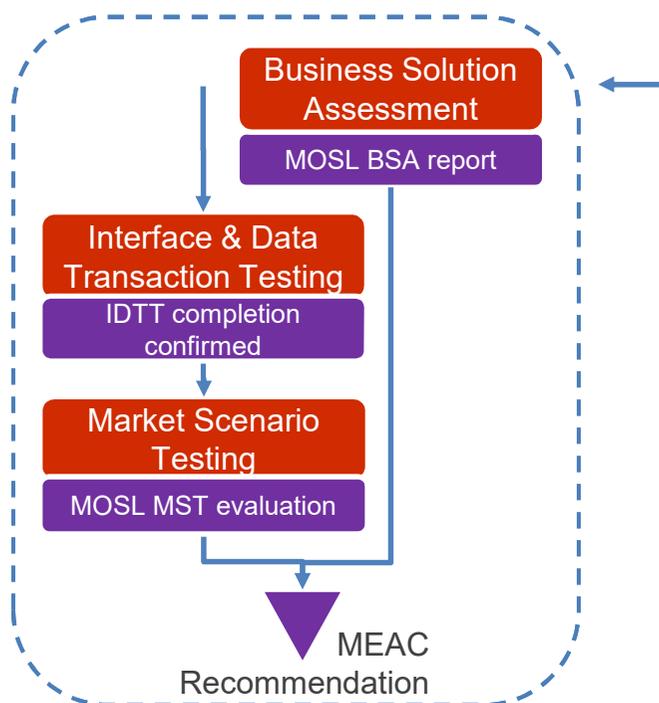


KEY: MOSL Market Participants

*Assurance of market transactions and company operations*



# Business Solution Assessment



It is up to market participants exactly what the delivery of their Business Solution Assessment looks like. This is meant to be a more pragmatic approach to allow applicants to determine the best solution for them, based on their own circumstances and the level of risk faced.

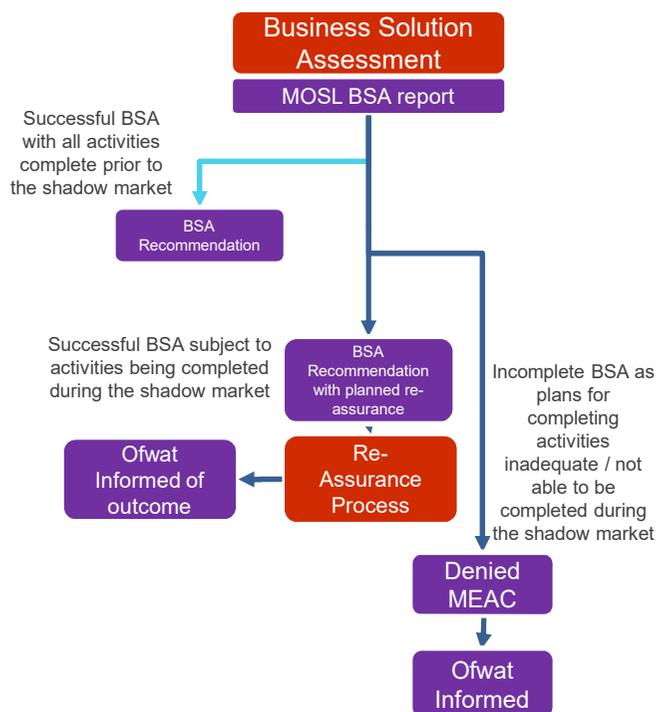
MOSL has specified the assurances they require companies to provide in the BSA document; companies will decide what they need to do, and what evidence they may want to provide, in order to give these assurances.

This may include a combination of internal and external assurance. However, companies should be able to demonstrate they have applied the self-assessment approach in a robust way, taking into account the subject risk, criticality and impact on successful market opening.

Companies must provide an appropriately scoped third party assurance report as part of their evidence. They may also choose to include other items, for instance a matrix of code obligations and a high level view of how the applicant has approached them.

Where relevant assurance or evidence has been gathered as part of another assurance process, for instance as part of the Open Water Assurance Framework, MOSL see no reason why applicants should not use this again, as long as it remains current.

# Business Solution Assessment



Applicants should be able to commence BSA activity in earnest shortly after their Applicant Information Return, including their proposed approach to BSA, has been agreed, although there is no reason to prevent preparatory activity happening in advance of this.

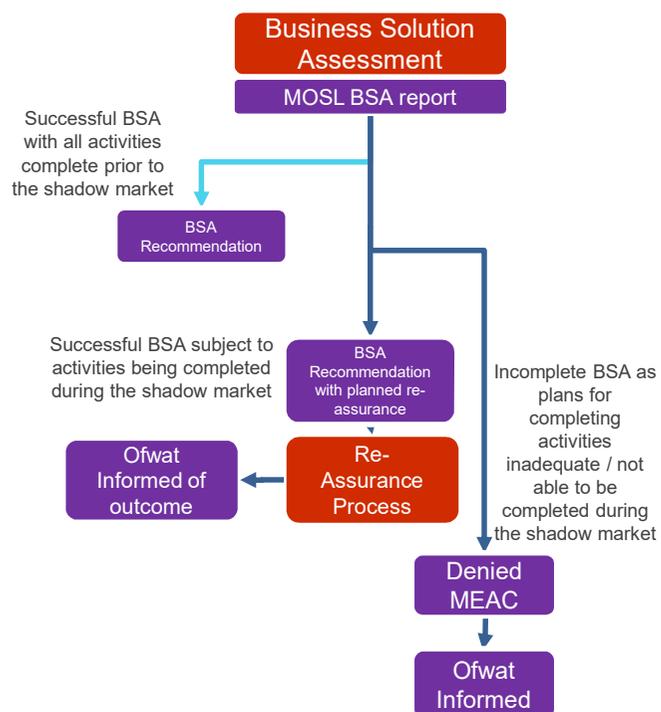
Following submission of a completed BSA, MOSL will aim to produce a brief report within 2 weeks. This report will:

- Provide a recommendation as to successful completion of the BSA, or;
- Provide a recommendation as to successful completion of the BSA subject to planned re-assurance, or;
- Provide a recommendation to deny MEAC, and/or;
- Highlight any areas MOSL views as a risk or inadequacy.

## BSA Recommendation

Where the BSA is considered complete (see slide 43 for BSA criteria) and assurance is provided that credible plans are in place to close down any outstanding activities prior to the 9th September, a recommendation will be made that the BSA has been completed. For information on what this recommendation means, please see MEA MOSL Governance (slides 41-44).

# Business Solution Assessment



## BSA Recommendation with planned re-assurance

Where the BSA is considered complete but some activities will need to be completed during the shadow market, and where assurance is provided that credible plans are in place for achieving this, a recommendation will be made that the BSA has been completed.

This recommendation will be based upon future intent, and the understanding that plans will be implemented as set out. Once completed, applicants will have to undergo planned re-assurance during the shadow market for the outstanding elements, and Ofwat will be informed of the outcome.

The fact that activities need completing during the shadow market should be anticipated in the applicant's programme plan and consequently included as part of the relevant part of the Applicant Information Return.

An example of where BSA Recommendation with planned re-assurance may be relevant:

Whilst business processes enabling interaction with MOSL are required during testing, an applicant may need to complete implementation of some bilateral processes during the shadow market.

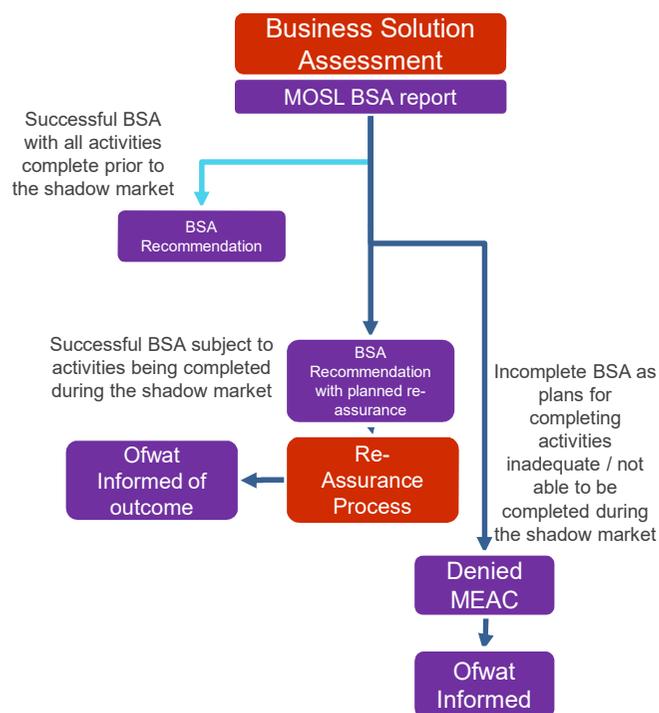
The intent should be included in the Applicant Information Return, probably in this case under section l) Business Processes and o) Systems and process change prior to Go-Live

Applicants will need to complete the re-assurance process by 24 February 2017 in time for market opening, in line with BAU MEA.

## Denied MEAC

Where the BSA is considered incomplete, where required activities cannot be completed by the end of the shadow market or where adequate plans are not in place to do so, a recommendation will be made to deny MEAC.

# Business Solution Assessment



## Risks or Inadequacies

In all of the above instances, MOSL may highlight any areas in the BSA which it views as a risk or inadequacy. Where this is the case, MOSL will ask the applicant to provide further information, or to develop and provide assurance on a suitable mitigation plan where this isn't already being addressed.

MOSL will consider notable risks or inadequacies to be anything which will prevent the applicant from carrying out their market obligations, which has not been previously planned for and accepted by MOSL.

Where requested, MOSL will enter into dialog with participants regarding their expectations of an applicant's mitigation plans.

Depending on the nature of the risk:

Applicants will have until the 9 September to close down any outstanding activities in line with a standard **BSA Recommendation**, in line with the "self-certification" assurance process.

Where the risk or inadequacy hasn't been addressed by the 9 September, the applicant will need to resolve this during the shadow market and will undergo re-assurance as for the **BSA Recommendation with planned re-assurance** route.

Successful completion of the BSA will fulfil one of the criteria for obtaining "enhanced" Market Entry Assurance Certification (MEAC), and is subject to successful completion of testing.

# IDTT & MST

The MOSL Detailed MEA Test Plan will be published in due course to enable participants to understand the proposed approach to MEA testing.

Using this, enhanced applicants are asked to indicate their approach to implementing Interface and Data Transaction Testing and Market Scenario Testing for their own systems and processes within the AIR.

Applicants will indicate their preferred and alternative testing dates as part of the MEA Plan. The test period can start as early as an applicant wants, but relies on MOSL first approving their testing approach. MOSL will take applicants' preferences into account as much as possible when scheduling testing.

MOSL will use the information from AIR and MEA Plans to work with applicants to construct an individual set of test artefacts (cases/scripts/data) which are tailored to the circumstances of the individual participant.

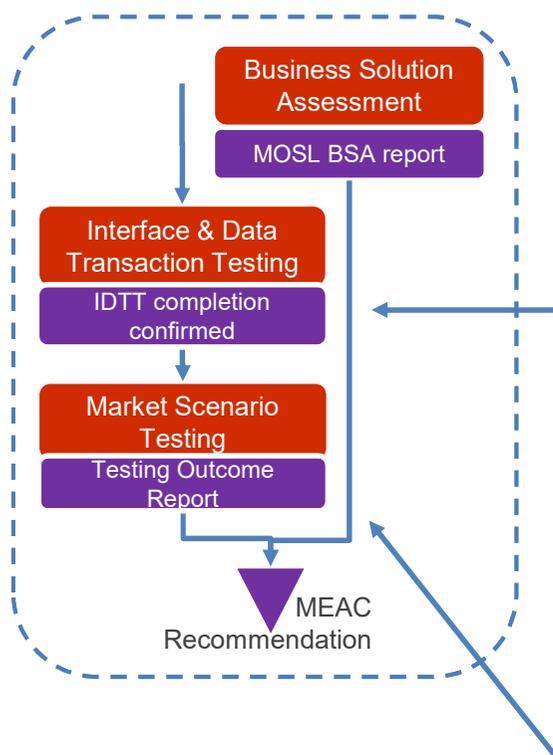
MOSL will provide intensive technical support to all participants throughout the test phase, to assist in running the tests.

Enhanced applicants will need to undergo both IDTT and MST; this will occur within a MOSL-allocated two week period between 1 August and 23 September.

IDTT will test connectivity and enable participants to set up the master data structures within the test environment that will be used for MST.

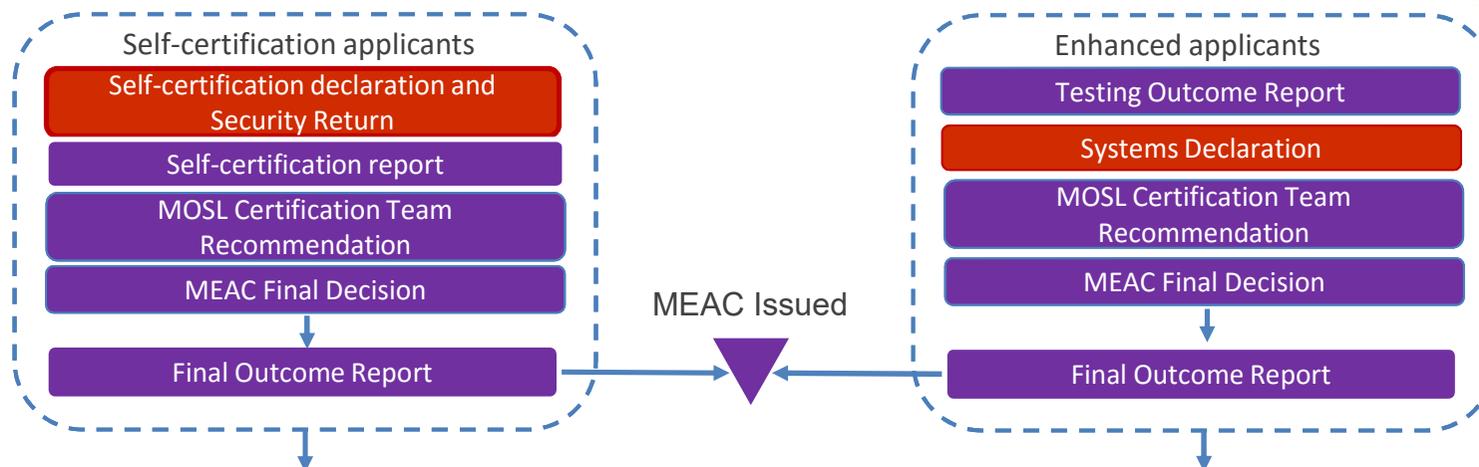
MST will run a series of test cases which carry out market transactions in the market participants systems and CMOS.

MOSL will evaluate and report on the completion of MST as an input to its certification decisions. On completion of testing MOSL will produce a **Testing Outcome Report**, which will confirm completion, or any further testing or corrective action required.



KEY: MOSL Market Participants

# Completing MEA



Once the Self-certification and Security Return are considered complete, the MOSL Certification Team will review both documents and complete a certification report within 10 working days.

The MOSL Certification Team will make a recommendation to grant Certification.

Within 5 working days of a decision being made, MOSL will :

- Prepare a Final Outcome Report confirming the applicant has completed Market Entry Assurance, and;
- Notify Ofwat the applicant has completed Market Entry Assurance.

On successful completion of the tests the applicant should then confirm, using a pro forma **Systems Declaration** (released in February), that it has successfully tested all of its systems.

The MOSL Certification Team will make a recommendation to grant Certification.

Within 5 working days of a decision being made, MOSL will:

- Prepare a Final Outcome Report confirming the applicant has completed Market Entry Assurance, and;
- Notify Ofwat the applicant has completed Market Entry Assurance.



# Remedial MEA

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Remedial MEA is a second period of Market Scenario Testing, for applicants who have failed to successfully complete it at the first attempt.

For first tranche MEA, MOSL is committed to working with market participants to support them in achieving MEAC by 30 September 2016.

For those that don't achieve certification during this timeframe, there will be a short period for remedial MEA between 3 and 28 October 2016. This should enable participants to complete their Market Entry Assurance prior to the deadline for Retail applications.

Please note, remedial MEA does not apply to market participants who have not already attempted to complete MEA.

Remedial MEA will consist solely of Market Scenario Testing, as applicants should have completed already the earlier stages of MEA in order to reach MST.

The remedial testing carried out should be driven by the contents of the aforementioned **Testing Outcome Report**, from slide 32.

If a market participant has a different business solution or system than those on which certification was previously sought, this will require Market Entry Re-assurance, and not Remedial Market Entry Assurance.

# Market Re-Assurance

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## What is Market Re-Assurance?

- It is a follow-on for participants who have successfully completed first tranche market entry assurance during the specified timescales, or BAU assurance in the live market;
- It is a way for MOSL to gain assurance companies which have undergone *material* changes are still able to fulfil their market obligations;
- All trading participants who undertake material changes must go through it, if determined appropriate by MOSL;
- It is necessary for participants who have gained MEA with planned Re-Assurance, and
- It cannot be used by participants as a first-application route to MEAC.

## Triggers for Re-assurance

Market re-assurance must be completed by a Trading Party in the following circumstances:

- There is a material change to that Trading Party's operations, which may impact its ongoing ability to meet the relevant market,
- The Trading Party is required to undergo re-assurance due to receiving MEA Certification with planned re-assurance, or;
- The Trading Party is required to undergo re-assurance as part of a Performance Improvement Plan.

MOSL defines a material change as a change which may impact the market participant's ability to fulfil their market obligations.

The table on the following slide demonstrates some events likely to be deemed material changes which would likely trigger Re-Assurance.

Applicants who have signaled they will need to progress through planned Re-Assurance, which has been agreed by MOSL, should be able to progress through relatively light touch Re-Assurance, which will only focus on the issue or inadequacy identified during the MEA Process.

# Market Re-Assurance



The table below indicates events likely to be deemed a material change for companies, resulting in Market Entry Re-assurance. This is not an exhaustive list; companies are required to inform MOSL of any changes which may trigger Re-Assurance, by emailing [MEAC@mosl.co.uk](mailto:MEAC@mosl.co.uk). The Re-Assurance process, including the identification of possible triggers, is explained more fully on the following pages.

All applicants will need to go through the initial stages of market re-assurance (see later slides).

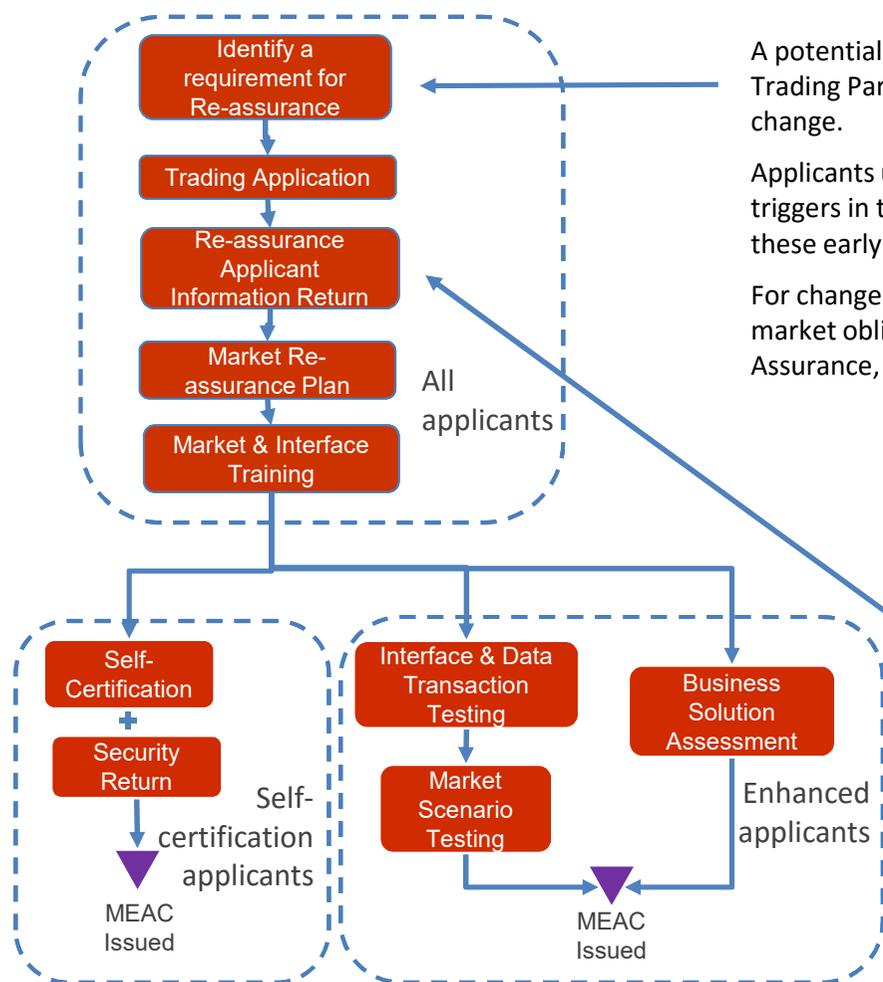
This table also indicates some of the later stages of market re-assurance which are likely to need completing for these example change events.

The extent to which applicants will need to complete the relevant later stages will depend on the reason for Re-Assurance.

Applicants who are undergoing planned Re-Assurance will likely need to complete only a few sections of the AIR and BSA or Self-Certification Declaration (as applicable), whereas applicants who are completing Re-Assurance due to a desire to use the HVI when they have previously gone through the Self-Certification pathway and only used the LVI, will likely need to complete most of the BSA, as they have not completed it before.

Material Change		MIT	BSA	IDTT	MST
1	Market participant has completed self-certification MEAC but would now like to access the HVI	✓	✓	✓	✓
2	Market participant wishes to use the HVI for additional data transactions, and is familiar with the HVI		✓	✓	✓
3	Significant change in size of customer base through exit, merger or acquisition (assuming the market participant is already familiar with HVI)		✓	✓	✓
4	Market participant hardware platform change where it is already familiar with the HVI			✓	✓
5	Market participant communications change (for example, changes to the network or ISP)			✓	✓
6	Market participant data handling software platform change		✓	✓	✓
7	Market participant data handling software platform upgrade			✓	
8	Significant changes to operational staff, which require induction over and above that normally taken	✓			
9	Changes to business process(es), which are highly relevant to compliance with Market Codes		✓		

# Market Re-Assurance Process



A potential requirement for Market Re-assurance can be identified by either the Trading Party, or the Market Operator. Both parties must inform the other of the change.

Applicants undergoing first tranche MEA should identify any possible Re-Assurance triggers in their AIR submission, as their current plans should enable them to identify these early.

For changes which will not significantly impact the applicant’s ability to fulfil their market obligations, MOSL will likely inform applicants there is not a need for Re-Assurance, and that no further action is required.

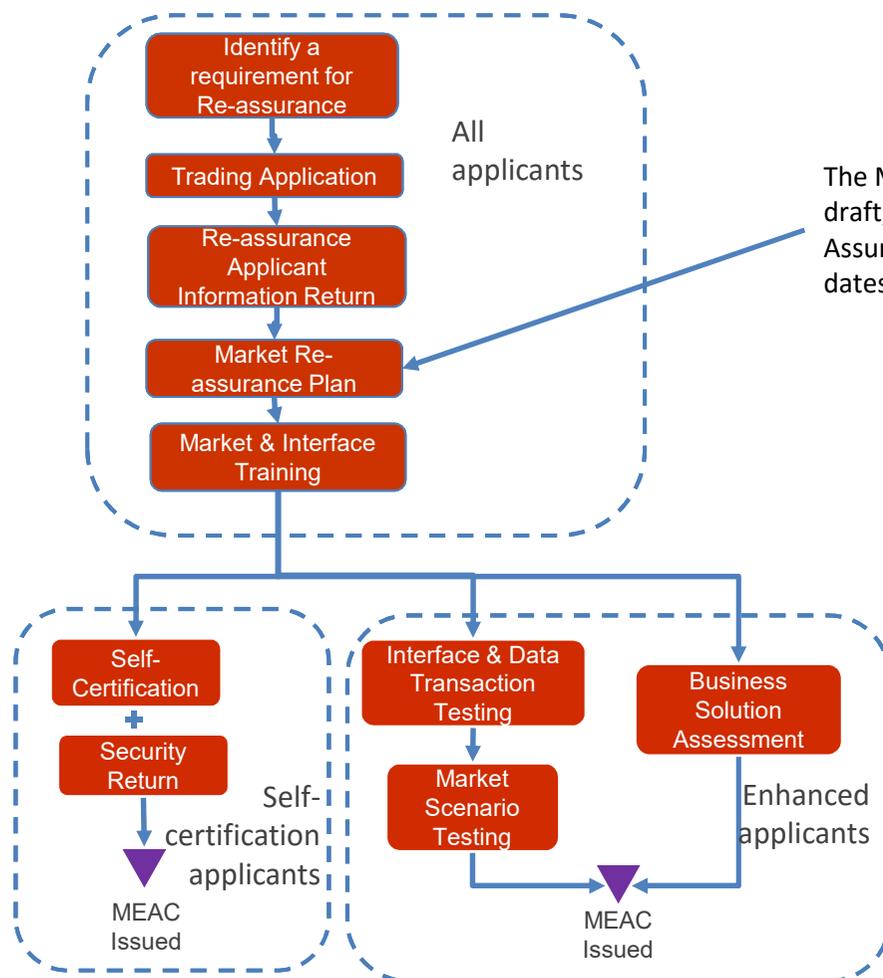
For changes which MOSL determines will significantly impact the applicant’s ability to fulfil their market obligations, the Re-Assurance process will begin by submitting a Trading Application and Re-Assurance Applicant Information Return to MOSL.

The Re-assurance AIR will be very similar to the MEAC AIR, except it requires applicants to identify which sections of the questionnaire to complete, and to do so accordingly.

It also requires applicants to identify which other stages of market re-assurance they will need to complete, based on guidance in the form and the table on the previous slide.

KEY: MOSL Market Participants

# Market Re-Assurance Process



The Market Re-assurance Plan should be submitted by applicants in draft, using a pro-forma MEAP as guidance, updated to reflect the Re-Assurance dates. This plan should provide an applicant's preferred dates for the rest of the re-assurance process.

The remainder of the Market Re-assurance process follows just as in MEA, except for the fact that companies are only assessed on relevant sections, as identified in their Re-assurance Applicant Information Return and Market Re-Assurance Plan.

All re-assurance applications must be complete by the 24 February 2017 to receive certification in time for market opening.

KEY:  MOSL  Market Participants

## Business-as-usual MEA

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Business-as-usual assurance is a route to MEAC which starts after the last submission date for first tranche MEAC, which can be used by unknown new entrant retailers to enter the market.

MOSL will can grant MEAC in time for market opening if the process is completed by 24 February 2017. It can also run into, or start in, the live market, at which point the process reverts to that detailed in CSD0001.

If an applicant starts the process prior to the Live Market, they will continue to follow the process outlined in these slides.

The timing of the business-as-usual market entry assurance process means that those applicants seeking to enter the market will not benefit from being able to understand the capabilities of their processes and systems during the Shadow Market. Consequently MOSL will not be issuing certification in time for market opening, to any applicants who complete the MEA process after 24 February 2017. This is to ensure there is stability in the Trading Parties for market opening.

This Shadow Market BAU market entry assurance process will follow the same process steps as those defined above for MEAC.

Following market opening, the market entry assurance process will continue from 1 April 2017 as defined within CSD0001, which will, by this time, be a statutory document.

Applicants who seek to begin the MEA process between 25 February 2017 and 30 March 2017 will not have their applications processed until 3 April 2017.



# MEA MOSL Governance

# MEA Governance

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Review of first tranche Market Entry Assurance (including Remedial Assurance and Re-assurance) and BAU Assurance (prior to market opening) submissions will be carried out by the MOSL Certification Team.

Decisions as to Certification will be made following recommendation by the MOSL Certification Team. The sign-off process will be finalised following discussions with MOSL's Board in March 2016.

Final Certification decisions in time for market opening will be made in mid-September 2016, following the final deadlines for the Self-certification and Security Return and Business Solution Assessment and Market Scenario Testing.

Self-certification applicants who successfully complete their Self-certification and Security Return earlier than this date can have their MEAC approved at an earlier date.

Enhanced applicants who successfully complete their Business Solution Assessment earlier than this date can have an Indicative MEAC approval at an earlier date, which means MEAC will likely be granted, subject to the applicant successfully completing MEA testing.

Applicants should inform MOSL where they'll be looking for an early decision/ indicative decision through their Market Entry Assurance Plan.

# MEA Decisions

Through this review process, the following decisions will be made by MOSL:

Decisions	Decision basis
Whether to accept Trading Application	Form complete and signed.
Whether to agree/challenge AIR and MEAP (inc Self-Certify / Enhanced decision)	All questions answered or N/A reasons given. Whether answers present reasonable solutions to market obligations and if there are any apparent risks or omissions in the Return. Feasible plan taking into account MOSL resources and other participant requests, and feasibility of suggested timings.
Whether IDTT is successfully completed	Exit criteria, to be outlined in the end of Feb Detailed MEA Test Plan.
Whether MST is successfully completed	Exit criteria, to be outlined in the end of Feb Detailed MEA Test Plan.
Whether to agree/challenge BSA	Whether comprehensive consideration of the Operational, Market and Business Terms have been given and measures put in place accordingly. Where measures aren't yet complete, that this is well-reasoned and appropriate plans are in place to deliver this for market opening. Whether appropriate 3 <sup>rd</sup> party support is given to the above.
Recommendation to MOSL Board	If the IDTT, MST and BSA meet the above decision requirements.
Whether to grant MEA Certification	Whether a recommendation has been given in favour from the Certification Team. Whether the findings of any Certification Team reports appear to have unaddressed concerns or risks.

# MOSL performance standards



The below table demonstrates the timeframes MOSL will look to respond to during the pre-Live Market period. We will endeavour to keep to these timeframes as much as possible.

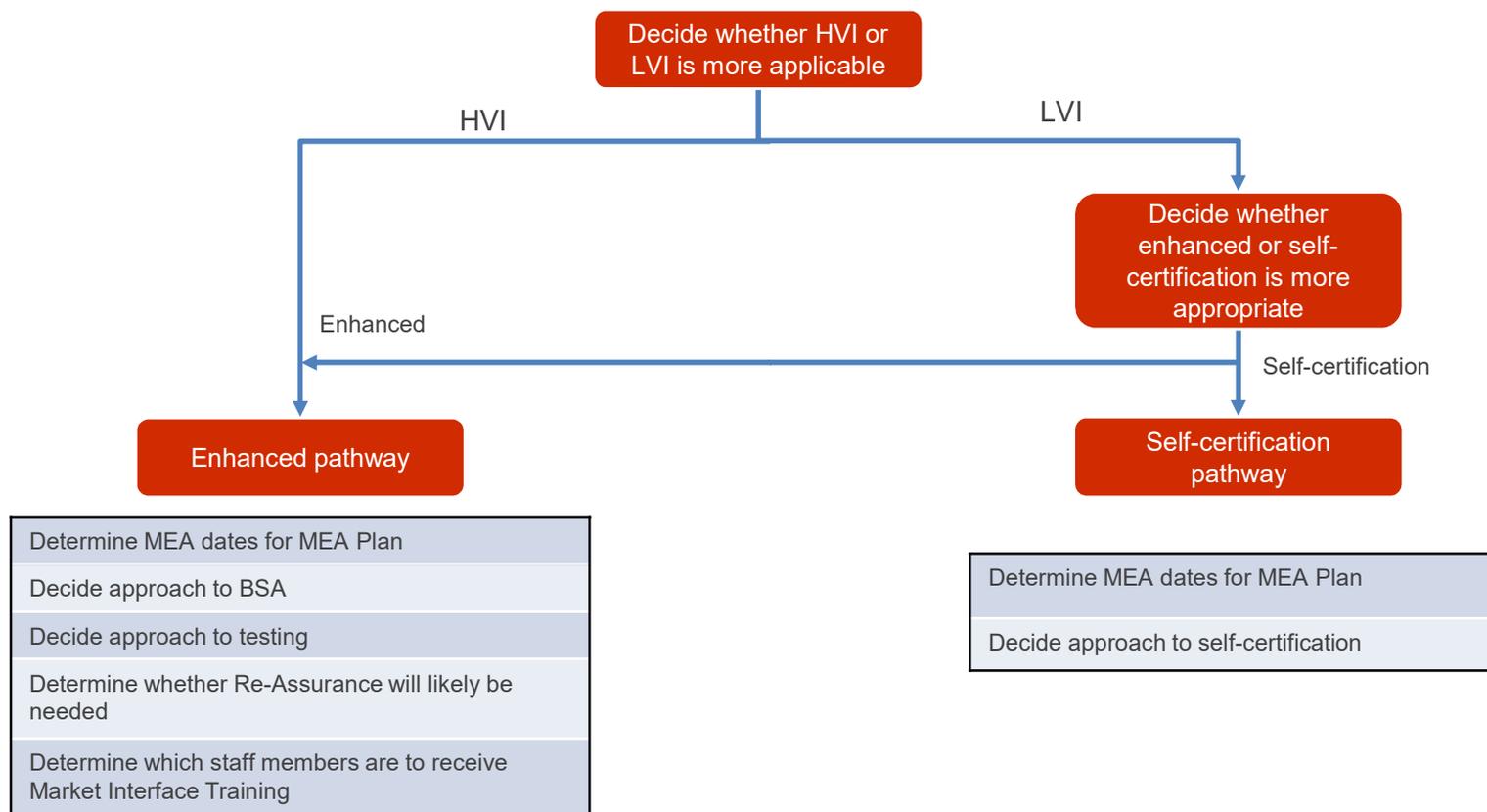
Response to Document or Action	Performance standards
Trading Application	2 days after receiving TA
AIR and MEAP (submitted together)	10 days after receiving AIR and MEAP
Self-Certification Declaration and Security Return (submitted together)	10 days after receiving SCD and SR
Business Solutions Assessment	10 days after receiving BSA
Interface and Database Transaction Testing	2 days after IDTT completed, confirm the move to MST
Testing outcome report	2 days after completion of testing
Systems Declaration	2 days after receiving SD
Overall Decision	No standard
Final Outcome Report	5 days after final decision made
Notify Ofwat	Same day as Final Outcome Report
Inform Applicant	
Grant access to systems	



# Annex

# MEA - Decision Tree for Applicants

The following is a decision tree, which highlights some of the key decisions applicants will have to make throughout the MEA process. Applicants must decide whether HVI or LVI is more applicable for their systems, and then whether the enhanced or self-certification pathway is more appropriate. There are then a set of key decisions applicants must make based on whether they are progressing through enhanced or self-certification. The below decision tree and checklists demonstrate these decisions.



# MEA – Checklist for Applicants

The following is a checklist applicants can use to ensure they have submitted the required documentation to MOSL. Applicants may be required to submit further evidence to support the below documents. The below checklist assumes applicants will pass MEAC on their first attempt, and will not need to progress through remedial MEAC or Market Entry Re-Assurance.

Enhanced Applicants	✓	Self-certification Applicants	✓
Apply to Ofwat for a WSSL (Retailer only)		Apply to Ofwat for a WSSL (Retailer only)	
Complete and submit Trading Application		Complete and submit Trading Application	
Complete and submit AIR		Complete and submit AIR	
Complete and submit MEA Plan		Complete and submit MEA Plan	
Complete and submit Participant MEA Testing Plan		Complete and submit Self-Certification Declaration	
Complete and submit BSA		Complete and submit Security Return	
Complete IDTT testing			
Complete MST testing			
Complete and submit Systems Declaration			