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Extraordinary Technical Panel Meeting, 12<sup>th</sup> November 2009

Approved Minute

**Attendees**

Brian Saunders (BS) - CMA (Chair)  
David Nicol (DN) - CMA  
Sarah Hancox (SH) - Osprey via Conference  
James Bream (JB) - Business Stream  
Jessie McLeman (JMCL) - Scottish Water  
Amanda Murray (AMM) - CMA (Secretary)  
Alastair Ross (AR) - Satec  
David Walters (DW) - Commission

**1. CMA Update on RF Position**

BS welcomed everyone to the meeting and thanked TP members for being available at short notice. BS summarised the current position on RF in relation to information that the CMA had provided to the TP in October, and that additional information was required to enable the TP to make an informed decision moving forward. He advised that the CMA were now in a position to provide more detail, and handed over to DN.

DN recapped the three options that had been provided to the TP and advised that further information was now available on those options and that additional testing had identified some further issues which would need to be addressed.

DN advised that there were two components to settlement: a calculation phase and a reporting phase. In the calculation phase, the Central System carries out a fresh calculation of all settlement components. In the reporting phase, the current RF Aggregated report shows metered volumes and volumetric charges and the re-calculated TE charges.

At the last meeting, the TP had rejected option A. As between options B and C, they had a clear preference for option C depending on complexities, costs and impacts on systems. While the existing Aggregated Report was suitable for Option B, a new report would be required should Option C be the preferred option. However the CMA would attempt to replicate the existing monthly Aggregated Report format where possible. DN advised that he had initial discussions with Scottish Water at a working level to ascertain likely system impacts, and systems development required is likely to be minimised.

DN also stated that additional testing had identified two further issues with settlement which would need to be addressed. In relation to Trade Effluent, the minimum charge was not being properly applied where the TE consent was only in effect for part of the year. In relation to AWA, there were certain circumstances where the effective AWA calculation for the year was incorrect. This could potentially lead to incorrect overall volumetric charges for the year and an incorrect allocation of volumetric charges between LPs where the SPID is transferred. These issues would be addressed as part of the RF work being undertaken.

DN further clarified that the CMA were looking to enhance the complementary testing to be undertaken by the Market Audit to comprehensively test RF to ensure accuracy.

In respect of cost and timescales, DN advised that there was no material difference in relation to which option the TP moved forward with and all options could be delivered this financial

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year. As a result, the CMA recommendation was to pursue Option C. The Technical Panel were then invited to discuss the information and ask questions where required.

## 2. Discussion on Options

SH from Osprey asked under what circumstances would the AWA calculation be wrong. DN noted that depending on the underlying data, the current AWA calculation could in some circumstances misallocate charges between different LPs.

JMcL asked if there was a high level plan available to share with TP members and also a detailed specification for the calculations. DN advised that this was not available at this time and that the CMA required an endorsement from the TP to enable work to continue, which would produce a plan of work along with a specification. DN noted that detailed specifications were not available at present, so should not hinder any endorsement, however agreed to share any specification with TP members once it was available.

JMcL asked if this information would be available at the next TP meeting in December. BS advised that this was unlikely, and that this information would not necessarily be in line with TP meetings, and that it may be provided out with any meeting schedule.

JB raised concern around timescales stating the importance of running RF this financial year. Both DN and BS advised that whilst the CMA could not provide full guarantee that this was feasible, it was working to deliver within this timeframe and was mindful of timescales.

JMcL stated that whilst it was important to try and meet these timescales, accuracy of any RF report should take precedent.

JB asked about the additional testing capabilities and asked whether they would shorten testing timescales moving forward. DN advised that the new capabilities involved an automated harness which would indeed cut timescales of any future software testing.

JMcL asked about any participant involvement in testing, and stated that this would be preferred if feasible. DN noted that the testing would be delivered by the extensive set of tests to be run by the new automated testing harness, but agreed to look at options to deliver a “dummy” RF run. However, timescales were short and this might not be possible.

## Decision / Way Forward

BS asked all participants to confirm their endorsement of Option C moving forward. All participants confirmed their endorsement. The TP then unanimously approved Option C to be developed.

DW asked whether this additional RF work would delay Customer Names development. BS advised that there was a potential impact, however the CMA were working to try and minimise any delay.

## 3. Any Other Business

Given there was no other business the meeting was closed.