
Technical Panel Meeting, 22nd October 2009

Approved Minute

Attendees

Brian Saunders (BS) - CMA (Chair)
David Nicol (DN) - CMA
Kevin Ensell (KE) - Osprey
James Bream (JB) - Business Stream
Jessie McLeman (JMCL) - Scottish Water
Amanda Murray (AMM) - CMA (Secretary)
Alastair Ross (AR) - Satec
Edgar Speak (ES) - Satec
David Walters (DW) - Commission
Paul Howbold (PH) - Commission

1. Minute

The minute of the meeting of 20th August 2009 was approved provided AMM makes changes in relation to the X22 and New and Partial Reports confusion. JMCL had queried new and partials report which should be issued to all participants, however CMA were of the impression it was the X22 that was being discussed.

2. Actions and Administrative Update

AMM advised that most actions were either superseded or complete with the exception of AP068, AP075 and AP076 which were carried over as ongoing. It was noted that MCCP027 had been withdrawn from the Commission Approval process, and OCCP022 had been withdrawn at the request of the Commission.

It was noted that OCCP018, OCCP023, MCCP036 and MCCP038 had been approved since the last TP meeting. It was also noted that OCCP021 had been sent to the Commission for approval.

No new Commission Changes had been introduced or implemented since the last TP meeting.

There had been two bulletins issued, BU056 and BU057, and no new Guidance Notes since the last TP meeting.

Finally, it was noted that TP meeting dates were as per those issued at the last meeting, so no changes.

3. Change Proposals in Progress

MCCP026. Produce a Disaggregated Settlement Report for RF

AMM updated the TP on this MCCP advising that development was ongoing. There was an RF issue added to AOB and any further discussion on this MCCP could be incorporated into this action.

MCCP027. Specify the Market Data Set

AMM advised that this MCCP was withdrawn from Commission Approval as a Market Participant identified an error. This has been addressed offline between the CMA and the CMA Service Provider, and the paper is being re-introduced for approval with updated information to include Permanent and Temporary Disconnection as part of the specification. DN advised that the ongoing issue in relation to YVE and meter issues have not yet been addressed. This would take time, and was therefore noted accordingly as being unresolved.

BS raised concerns on the TP approving this MCCP given the YVE issue was not yet resolved. DN commented that the proposal solidifies the format, and would be good to provide stability to participants. It was also noted that approval of this proposal would put the remainder of the MDS report under change control.

On the basis of the above, the TP approved MCCP027

AP077

MCCP037 - Smart Meter Reads

WICS were unable to comment on this proposal at this time as RK was currently off sick. Business Stream were not keen to wait until the next TP meeting for feedback and as such WICS took an action to provide a paper to TP Members via email with its position to enable the proposal to progress.

AP078

4. New Change Proposals

AM introduced the paper on New Change Proposals. Individual sponsors then spoke on each new Change Proposal.

MCCP039 - CSD0205 Burst Meter Accuracy

JMcL introduced the proposal to include the requirement for Burst Meter Accuracy to be included in any fire fighting process at Final Reconciliation. The proposal looks to amend the Market Code such that the matter would be included, recognising that an Operational Code change would be appropriate to address the processing of requests from Licensed Providers. Applications for burst allowances are not specifically catered for in existing Operational Code processes and Scottish Water would like to adjust the process to include burst allowances.

DN queried whether all allowances were reducing or could they increase as a result of any adjustment. JMCL confirmed that theoretically volumes could be increased or decreased.

ES asked why anything being done post RF when RF is supposed to be the definitive. DN stated that the CMA has enquired with its Service Provider as to how to implement this process and that CMA is also looking into a process that could encapsulate these changes within RF.

JB asked why the section on agreement with LP has been removed as it should be something that is agreed with the relevant LP. JMCL commented that she was unclear as to why it had been removed, but the intention was not to exclude the LP from discussions.

BS stated the Market Code deals with setting out the process guidelines rather than the rationale for the process. The rationale should be captured in the Operational Code. BS also asked for clarification as to whether any adjustment as a result of this process could

include an increase as well as a decrease. JMCL confirmed there could theoretically be increases or decreases as a result of allowances changing.

DN asked about likely volumes that could be included at RF. JMCL took an action to confirm likely run rate in the next week.

AP79

BS raised the issue around materiality of how we could carry this out and what the cost would be. JMCL stated that the issue would still be there for other allowances, e.g. fire fighting – the burst allowance would only add to an existing problem. DN stated that the proposal at the moment looks to manually adjust volumes.

TP agreed to move forward with a view to scoping and signing off the proposal outside this meeting, via conference call. The CMA would look at the mechanics of how the process would be implemented, and a proposal would then to be sent to participants to approve on the conference call.

AP080

JMCL confirmed that Operational Code wording would be changed to reflect any agreed change to the Market Code.

Discussion ensued in relation to whether before or after RF was the relevant time to raise these issues. Taking the matter forward, the most appropriate technical solution would depend on the materiality and scale of the issue.

MCCP040 Transfer Cancellations by Outgoing LP

KE raised this proposal in relation to their experience in transferring customers and the difficulties they are experiencing. He raised concern around cancellation in relation to bad debt and stated that clarification was required around what genuine bad debt was and what either disputed or slightly late payments were. Proposal seeks to lift ceiling on debt issues in order to ease the transfer process.

JB confirmed that Business Stream agrees with the majority of Osprey's proposal, however have a few issues. JB stated that the ability for LPs to have a greater understanding of what's going on is a good thing and also that proposing to continue the process once the status changes, rather than having to re-start the process.

In relation to outstanding debt, JB stated that all LPs have varying terms and conditions and clarity on what level of bad debt may give clarity on the reasoning behind proposed cancellation.

JB stated that the 90 days proposed in legal text was extensive as a significant amount of water could be utilised in that period. Possibly the clarity sought in other areas would alleviate the need for this, and if the process was on hold rather than stopped it could be re-continued. Another area of concern for Business Stream is the inclusion of the use of formal dispute, which could be open to abuse if not firmed up.

KE commented that a figure around length of outstanding debt should be there, but happy to discuss what that figure is. KE also agreed there had to be a ceiling to stop the debt recycling. Discussion around debt and management ensued. Also clarification on how the process would work via the CS.

DN added in terms of process - developing new transactions would take time and would incur costs. He stated that if coding was introduced as part of rejections this would provide more clarity and possibly negate the requirement for additional flows within the Central System. If you went for positive and negative flows, if you received neither, the process would end up in limbo.

AR asked if this bad debt was held ongoing to possibly identify real bad debt customers. It was envisaged that this was not the role of the CMA or CS so would not be an issue.

TP agrees in principle to the proposal, although would like guidance from the Commission in terms of what qualifies bad debt. The Commission took an action to clarify what qualifies as bad debt. **AP081**

KE agreed to develop the proposal further and look at the implications. **AP082**

OCCP025 Proposed New Sub Section in Process 19 addressing Reactive Activities

JMcL introduced this proposal to formalise a discussion document which has been discussed previously with LPs and the Commission dealing with Process 19 and 20 within the Operational Code. Due to some issues arising from the current text in the Operational Code as it applied in certain operational situations, SW has been applying the principles set out in the Change Proposal for some time, and would like to formalise those into the Operational Code. JMcL advised that it was in line with LP notifications that are currently in place so LPs should be familiar with the process.

A discussion took place around the proposal and its merits. JMcL commented that the process which was informal was working to date. BS asked the TP to confirm agreement of the proposal moving forward.

TP approved the proposal and CMA to forward to the Commission for approval. **AP083**

5. Forward Plans

AMM presented the Issues list with supporting document for TP information. It was highlighted that there was an update section in the supporting word document which would detail changes from previous documents at each TP meeting. AMM also advised that the CMA offer to participants who wanted more detail on the issues list should request a meeting via the TP Secretary and this would be set up.

AMM presented the Release Calendar and stated that the word document would provide the TP with a more real time view of what was and was not being delivered in software releases. This was welcomed by TP members. JMcL asked why the RF DisAggregated Report was not being included in the calendar. AMM advised that this was due to the delivery falling out with the Release Program.

AMM presented the CMA workplan and associated word document. If any market participant wishes to be taken through this in detail they should contact TP Secretary to arrange a suitable time to do so.

6. Participant Performance

AMM updated the meeting on the revised performance statistics and advised that all participants should now have received updated information for April - September 09. The CMA would be issuing all future monthly stats using this calculation, and indeed all

invoicing of penalties would be on this basis. In relation to the Q1 invoice, AMM advised that any credit or additional invoicing would be reflected in the Q2 invoice which was due out early November.

KE stated that Osprey's view remains that the standards were reviewed in isolation and do not drive good customer service. He stated that a low proportion of the charges being levied on Osprey are valid in their view. KE stated that they would look to dispute the charges with a view to moving forward.

KE also stated that stats would suggest this view is evident, and that he would like to propose via MPF that these are reviewed.

JB stated that Business Stream also share this concern that the measures do not drive the appropriate behaviour moving forward.

JMcL stated that Scottish Water is working on a project to review properties flagged as vacant, and a number of corrections would fall foul of performance penalties, it being anticipated that the project will result in data cleansing. Scottish Water will work to monitor these separately to pick up such issues.

JB confirmed that Business Stream is also working on improving data via meter readings to improve the market data.

Osprey acknowledges the work done by CMA to date has helped to expose their concerns about monitoring the right activity in the market.

DW commented from the Commission that they would welcome any proposals to reconsider what is being measured, so long as it was driving the right behaviour, and that the Commission would not look favourably on simply reducing the measures as a means of avoiding penalties.

7. Any Other Business

Rollover

AMM introduced the paper as a response to Scottish Waters request at the last TP meeting. The document shows the process being undertaken and the scale of work being undertaken to date. AMM advised this will be issued to all participants via email. **AP084**

DN took the meeting through the update and process highlighting key benefits in improving the quality of the data.

JMcL thanked CMA for the proposal and it added clarity to the position in relation to rollovers. SW comfortable that options for a more enduring solution would be addressed within the Metering Working Group.

AMM requested this item be removed from the agenda moving forward as it was a business as usual activity. TP agreed.

RF

DN set out the CMA's undertakings to date in relation to RF to ensure delivery at the appropriate time and with the relevant information. He advised that the CMA had

requested the CMA SP to perform the monthly Disaggregated Report be run on the full year to seek clarification of what would be output at RF. The run produced some additional information in relation to the internal workings of the CS.

DN explained that it appeared from the values being produced that Trade Effluent was fully re-calculating at RF rather than providing the sum of the R3's. He also stated that based on the dis agg it appeared that all non volumetrics charges appeared to be re-calculating.

DN advised that the above was yet to be confirmed by the CMA SP, but if they were to confirm, then the TP would need to make some decisions in relation to RF. Until all the information was available they would be unable to do so, but the principle could be decided at this stage, which would narrow down the options. Effectively we could look to change the runs so that they aligned with the CSDs or change the CSDs to cater for the changes happening in the Central System.

The TP unanimously agreed that where information was available, it should be used and therefore advised the CMA that adjusting settlements to align with the CSD's should not be considered further.

On the basis of the above, DN advised that there could be stages in which information was used in that the TE re-calculation could be considered in a short period of time for RF and other re-calculated non volumetrics could be considered at a later stage. TP advised that the full re-calculation would be the preferred option, but agreed that any decision would be based on the timescales, complexities, costs and potential impact on systems.

JMcL asked about the implication on timescales. DN indicated that given this information there was a risk to RF occurring on the scheduled date (2nd December) but that it was not clear at this stage what the impact would be. It could be as early as January, or as late as February.

KE stated that given late notification and surprise at what the system is doing, what commercial leverage that would give the CMA to push both the cost and timescales down. AMM stated that this is being addressed independently by the CMA with their service provider but that the TP needed to look at the principles etc. BS emphasized that this will be picked up by the Board as well given the implications.

JMcL indicated that Market Code changes may be required. PH stated that the Commission would support the Market with any changes required as commission changes to facilitate RF.

To summarise, AMM confirmed that the CMA were continuing to work with the CMA SP and would arrange an extraordinary TP meeting in the next few weeks once additional information was available. This would allow the TP to make a decision on RF moving forward.

AP085

There being no other business, the meeting was closed.

Actions

Action	Subject	Update
<i>From the minute of meeting of 20th August 2009</i>		
Action 068 CMA	BS requested their report under the MDS via FTP rather than CD. AMM undertook to clarify this was possible, and if yes to action.	Ongoing
Action 075 WICS	RK to take MCCP037 away for consideration and provide feedback at next TP meeting in October.	Close
Action 076 CMA	CMA to raise IA on the ability to add additional meter read type into the Central System	Ongoing
<i>From the minute of the meeting of 22nd October 2009</i>		
Action 077 CMA	AMM to forward MCCP027 to the Commission for consultation and approval.	Complete
Action 078 WICS	RK to email paper with Commissions view on MCCP037 in order to allow the proposal to progress.	
Action 079 SW	JMcL to advise DN on likely scale of volume that would be subject to the Fire Fighting Clause at RF.	Complete
Action 080 CMA	CMA to provide proposal to the TP on the mechanics of adjusting volumes at RF to take account of fire fighting (including burst) and then arrange a conference call to agree.	Complete
Action 081 WICS	Commission to provide views on what constitutes Bad Debt within the industry to provide guidance to the TP in taking MCCP040 forward.	Complete
Action 082 Osprey	KE to develop MCCP040 further with a view to flushing out the proposal and implications further.	Ongoing
Action 083 CMA	AMM to forward OCCP025 to the Commission for consultation and approval.	Complete
Action 084 CMA	AMM to issue Rollover paper to all participants.	Complete
Action 085 CMA	Arrange extraordinary TP meeting to discuss RF once additional information was available. It is envisaged to be w/c 9 th November 2009.	Complete