

Attendees

Brian Saunders, CMA (Chair), Jeremy Atkinson, CMA (JA), Alan Jones, CMA (TP Secretary and the CMA Technical Officer), Jessie McLeman (SW), Edgar Speak (Satec), Trevor Nelson (Business Stream), Richard Khaldi (The Commission)

Nigel Bromley and Paul McDowell from Gemserv attended items 1-4 of the meeting

Preliminaries

The Chair welcomed Richard Khaldi from the Commission.

1. Minute of the Last Meeting held on 17/01/2008

1.1 TP Member's views on the minute

- None.

1.2 Minute change requested by the CMA Financial Controller

- In paper TP001 Section 1.3 replace "the mid-year budget" with "the mid-year reforecast".

1.3 Approval of the minute

- The amended minute was unanimously approved.

2. Matters Arising not tabled in the agenda

2.1 MCCP003 (17/Jan/08)

- The Commission had blocked the change because of concerns about some aspects of the legal text.
- Comments were passed to the CMA's lawyers who indicated broad acceptance of the points raised.
- The CMA was awaiting revised text from the Lawyers.
- The CMA to circulate revised text to TP Members for approval outside of a formal TP.
- The CMA would reach agreement with the Commission on the revised text.
- On receipt of approval the CMA would submit revised text to the Commission for approval.

2.2 OCCP005 (17/Jan/08) Trade Effluent Form H

- Approved by the Commission.
- SW to advise on implementation plan.

2.3 AOB – CSD Errata issued for information and for other parties to update.

2.4 AOB Document Control – CMA guidance and pro-forma issued.

3. TP010: Development of the change proposal to have a Monthly Data Extract (including settlement report data)

3.1 Introduction by the CMA

- JA advised the meeting of the process used to date:
 - There was a defined procedure and governance for handling changes;
 - The issue of data extracts had been handled by the CMA through the TP at the earliest possible date;
 - The CMA would progress the issue as swiftly as possible, subject only to avoiding compromising the successful market opening.
- The Technical Officer (TO) summarised the planned approach being taken for data extracts:
 - Monthly data extracts available to all parties within the constraints of what they were permitted to access.
 - There were two generic extract types; changes to standing data and reconciliation data.
 - Reconciliation data would be finalised for the standard SPIDs and once agreed the extract would be expanded to handle Trade Effluent and special situations such as Schedule 3.
 - The existing reconciliation reports would continue in their present form.
- The CMA sought formal agreement that TP members were satisfied with the process used so far and that report TP010 reflected what was said at the workshop and subsequent feedback.
- The next steps were as set out in the paper:
 - To write to the Commission to get formal confirmation that the work done so far was consistent with the position the Commission took in later Summer/early Autumn 2007.
 - To pass the approved report to Gemserv so that it can be converted to a specification.

3.2 Comment from Gemserv

- Opening up the Market was the number one priority, so work on the data extract would have to take second place.
- This was a major piece of work and would involve substantial testing.
- The best case scenario was to have the extract ready for the P1 for May; this was based on the information known now.

3.3 Comment from the Commission

- The Commission's focus was the opening of the market and resources should therefore be naturally focussed on achieving that goal.

3.4 Comments from TP Members

- The Panel noted the Commission’s comment and the priorities stated by Gemserv.
- SW was satisfied with the process used so far; the workshop was very productive.
- BS was satisfied with content but was concerned about the delivery timetable.
- Satec was satisfied with the outcome of the workshop.

3.5 Process Going Forward

- Producing a technical specification. The TO had sufficient information to progress the content of extracts 1 and 2 on behalf of Trading Parties and the CMA.
- Formal submission to the Commission. TP010 defined the data content of reports 1 and 2; should there be any changes the TO would liaise with the Commission.
- As the next TP was two months away it was important to ensure that the governance process does not inhibit progress.

3.6 Decisions taken

- The TP noted TP010.
- The TP instructed the CMA to proceed on the basis set out in the paper.

4. TP009: Meter Networks

4.1 Introduction by the CMA

- The focus of attention has been to open up the market.
- Meter networks represent some 1% of the market by value less than 2% by number of customers. Meter networks were complicated and time consuming. The CMA considered that the issues and effort of dealing with this minor segment could distract attention from the general market.
- The paper included recommendations. In response to comment from the Commission, the CMA accepted that, as this is a policy matter it would have been preferable to have issued a paper that set out options rather than recommendations.
- The issues include:
 - The lack of a formal process by which LPs pass meter readings to one another to enable them to issue their own retail bills and the complication caused by the inclusion of domestic meters that are read by Scottish Water;
 - The issue associated with reliably maintaining the network configurations consistently across Central System, SW systems and LP systems;
 - The CMA does not have the tools to answer enquires about wholesales charges arising out of meter networks; and the overall impact on CMA staffing.

4.2 Discussion

- The Commission would not accept any proposal that prevented the entire market opening at the same time; a solution needs to be found whatever the cost.
- Satec considered that the proposal was anti-competitive.
- Satec consider that a solution was to enable LPs to supply all parties in a network; the Commission noted that this could deny customer choice.
- SW had advised prior to the meeting that the bilateral arrangements suggested in the paper were not viable because the derivation of the Wholesale Charges for 2008/9 differed from the basis used for 2007/8.
- SW advised that the domestic customers affected were often high profile so a degree of sensitivity would be required.
- The Commission suggested that a definitive list of the issues and a list of options were necessary.

4.3 Decisions Taken

- The TP acknowledged the issues noted in the paper and the meeting.
- The TP noted that the solution must allow all of the market to open.
- The TP directed that a list of all the issues was needed.
- The TP noted that the workshop approach as used for the data extracts appeared to be the most promising method of identifying the issues.
- The TP noted that the solution may involve policy matters and that these were Commission matters.

5. TP008: CMA Charges

5.1 Introduction by the CMA

- For practical reasons the CMA would use the number of meters and not the number of SPIDs to calculate the allocation; unmetered SPIDs would be allocated a notional meter size.
- The indicative monthly cost per meter stated in the paper was based on test data but was likely to be of the correct order of magnitude.
- The CMA had proposed to simplify the wording in the Market Code (MC) however the Commission had advised that they believed that it would be desirable for the charging mechanism details to be visible to parties both inside and outside the market.
- The choices were to run with the MC “as-is” for market start up or agree a Code Modification that could be implemented very quickly.

5.2 Discussion

- It was noted that at any time the current published version of the Code is the version that is in effect. For modifications to come into effect they must be drafted into the Code and the Code reissued.
- It was preferable to provide the legal text for review prior to sending it to the Commission.

5.3 Decisions Taken

- The method set out in the MC to be used for market start-up.
- The CMA to work with the Commission to develop the legal text by which the long-term mechanism for calculating the CMA charges, as set out in TP008, can be brought into effect.
- The CMA to carry out an impact assessment of the effect of this on the CMA.

6. OCCP006: Addition of a New Process: Verification of Supply point

6.1 Introduction by the Proposer SW

- SW had been asked by BS on several occasions to verify supply points however there was no formal process in the Operational Code.
- This change provided for a formal process; charging for the work associated with verification was already covered under the Wholesale Charges Scheme.
- The draft submitted provided visibility of the proposed content and layout of the form to enable assessment by the Technical Panel.
- For any new form approved by the Technical Panel Excel and Word/Acrobat formats would be provided for the Wholesale Service Desk and the updated Operational Code document respectively.

6.2 CMA Perspective

- The CMA was not involved in this transaction

6.3 Discussion and Questions – provision of customer information

- Satec commented on the inclusion of the customer contact details in the form which appeared to be contrary to the policy of SW not being permitted to have any customer details.
- BS noted that unless SW was provided with contact details it was difficult to assess apparent appointment failures from a compliance perspective.
- The CMA noted that this relates to less than 5% of customers per year; the meeting acknowledged there were many other methods by which SW could obtain customer information should it choose to do so.

6.4 Discussion and Questions – Text of the Process

- The Commission noted that the text of the process differed from other processes in relation to charging.
- The meeting concurred that the text should be modified to remove all text in Step 5 after the words “Wholesale Charges Scheme.”

6.5 Decisions Taken

- There was a unanimous decision to approve the paper as modified in 6.4 above.

7. OCCP007-12: Changes to New Connection Forms and the Development Appraisal Process

Forms

- The draft forms submitted provided sight of the proposed content and layout of the forms to enable assessment by the Technical Panel.
- For any new form approved by the Technical Panel, Excel and Word/Acrobat formats would be provided versions for the Wholesale Service Desk and the updated Operational Code document respectively.

7.1 OCCP007 – Form A1 to replace Forms A and B (Request Connection Quotation)

Introduction by SW

- The majority of premises requiring new connections required both water and sewerage connections. For reasons of efficiency, and to take account of the feedback from existing (domestic and commercial) customers, Scottish Water is proposing the use of a single quotation request form (Form A1) when requesting concurrent quotations for both water and sewerage connections.

Comments and Discussion

- BS recent experience of taking over New Connection was that customers did not require a combined form.
- BS has rebranded the forms and the change will cost BS some £15k.
- BS challenged the introduction of the changes before the opening of the market and suggested that the change be delayed until later in the year when other LPs could suggest changes.
- Others observed the benefits of making the changes before the market opened.
- The Chair noted that the new form could still be used to request water and sewer connections separately so customer had a choice.
- The CMA is not involved in this transaction.

Decisions taken

- There was a unanimous decision to approve the paper.

7.2 OCCP008 – Request New Connection Form

Introduction by SW

- Scottish Water had to receive specific detailed information from the Licensed Provider prior to connection in Operational Code Processes 1-4. The mechanism to be used to inform Scottish Water of the necessary SPID data had not been defined in the Operational Code.
- The request for a connection constituted a new transaction for Scottish Water; a new form was required to capture the necessary information to allow the transaction.

Comments and Discussion

- The CMA supported the use of the form as it would reduce the risk of data errors when requesting the SPID.

Decisions taken

- There was a unanimous decision to approve the paper.

7.3 OCCP009 – Modification of Forms C & D

Introduction by SW

- Minor updates were required to Forms C & D to reflect current practice/policy. Similar updates are required to both forms.
- Consideration was given to combining these forms as per Form A1 for Part 1 connections. However Part 2 or 3 connections are not always required for both water and sewerage and if both are required they often follow different timescales. Therefore there was no perceived benefit in merging the forms.

Comments and Discussion

- The CMA is not involved in this transaction.

Decisions taken

- There was a unanimous decision to approve the paper.

7.4 OCCP010 – New Forms C1 & D1 to Request Tie-ins

Introduction by SW

- The forms support Operational Code Processes 3 & 4.
- Currently there was no formal mechanism for LPs to request a tie-in of new part 2/3 infrastructure to SW's existing infrastructure.
- The forms were concise and easily completed.
- There were no associated CMA flows and no SPID is required.

Comments and Discussion

- Both BS and Satec commented that there would appear to be an overlap of information previously requested in forms C and D.
- It was noted that there could be a large time difference between the use of Form C/D and requesting the tie-in via form C1/D1.

Decisions taken

- The decision taken was for SW to modify the forms to enable the LPs to provide a reference back to the original form if the data being requested was unchanged from when the original form had been submitted.
- SW to submit the forms to the CMA who would circulate to LPs for approval by email.
- If approved CMA to submit the changes to the Commission for Approval.

7.5 OCCP011 – Development Appraisal Process & Form E

Introduction by SW

- SW considered that the provision of a Development Impact Assessment (DIA) is open to competitive supply hence it was necessary to clarify the process to be used for assessing infrastructure capacity prior to the quotation and connection processes.
- Changes were required to the Operational Code where reference to DIAs was made.
- It was proposed that Form E be modified and renamed a Development Appraisal Form and that the developer/LP complete this form as part of Process 14 to ensure that SW had all the necessary information to assess the enquiry and advise of the need for a DIA.
- There were no associated CMA flows.

Comments and Discussion

- The Commission was concerned about dealing with this matter in advance of seeing the full context of the work being done by SW on DIAs.

Decisions taken

- SW decided to withdraw the change from the TP pending the completion of the work on DIAs and further discussion with the Commission.

7.6 OCCP012 – Modification of Building Water Form J

Introduction by SW

- The ability to apply for water for site accommodation has been added as this was often required and was not catered for in the existing form.
- The CMA had previously noted the potential difficulties of referring to the form by the letter I; the opportunity was therefore taken to change the form to Form J.

Decisions taken

- There was a unanimous decision to approve the paper.

8. Updated TP003: Change Management Under the Technical Panel

8.1 Introduction of revised paper TP003 by the CMA

- The paper had been amended in the light of the feedback from the January TP and further development work by the CMA. The rationale for the amendments to the paper had been set out in the TP003 briefing issued to the TP. They included:
 - Defining the stages through which the change will progress;
 - Flexibility in reporting the decision;
 - The need to submit papers to the TP Secretary in advance of the date they have to be issued to TP Members and giving the TP secretary discretion to accept late papers;
 - Specifying the criteria by which the TP made the decision;
 - Flexibility when defining the implementation date;
 - Consistency in handling Operational Code and Market Code changes; and
 - Removing the reference to the CMA Board Agenda.
- Change forms OCCP and M CCP are to be further “tuned” in the light of feedback from SW, from the TP Secretary and any comments received during the meeting.
- The procedure will become CMA Working Procedure WP001.

8.2 Questions and Discussions

- The Chair stated that he would use WP001 as evidence to the CMA Board that the CMA had Change Control under control.
- The TP Members felt that it was important to define the implementation point at the time the change was reviewed though it may not be possible to define it in absolute terms; for this reason M CCP005 was not put to the vote.
- The TP members considered that a Final Report would always be needed but that it did not have to record the detail of all points raised if the vote was unanimous; for this reason M CCP006 was not put to the vote.
- See AOB for commentary on Websites.

8.3 Decision

- The TP noted the revised report document and instructed the CMA to rethink the sections on implementation and reporting the TP decision.

8.4 Action

- CMA to modify and circulate

8.5 MCCP004 – Submission of Papers to TP Secretary

Introduction by the Proposer CMA

- Current wording of the Market Code was impractical as the deadline for submission to the TP Secretary was the same as the deadline to issue the papers in advance of the meeting.

Discussion

- TP members preferred the wording to be a specific number of days before the TP meeting; ten days was deemed to be the most appropriate.
- This will change the papers submission date notified in the last minutes for the April and June TP meetings.

Decision

- There was a unanimous decision to approve the paper as modified to give ten days notice.

Action

- The CMA to revise the paper to reflect the modification above.

8.6 MCCP007 – Simplify the procedure for an Urgent Change

Introduction by the Proposer CMA

- The current wording required the procedure for each urgent change to be agreed in advance by the CMA CEO and the Commission before a TP decision can be made; this created a barrier to urgent decision taking.
- The proposal was for the Commission to review the process used to progress the urgent changes concurrently with the assessment of the change itself.

Discussion

- The Chairman noted that participants should not overuse the “Urgent” Process.
- The CMA acknowledged that Section of the M CCP and OCCP forms relating to Urgent changes needed clarification.
- An ambiguity in the MCCP007 form was identified during discussions; TP Members deemed that the text that starts “In the event that the Commission does.....” must be retained.

Decision

- There was a unanimous decision to approve the paper as qualified above.

Action

- The CMA to revise the paper to remove the ambiguity.

8.7 MCCP008 – Discretion to determine the frequency of Performance Standards reporting

Introduction by the Proposer CMA

- It was desirable to have flexibility in the frequency of performance reporting. This would enable it to be tailored to suit the circumstances.
- It was desirable that the TP should be able to influence the TP reporting frequency without the need to raise an MCCP for each adjustment.

Discussion

- TP Members considered that reporting should be quarterly for the first six months after market opening and monthly thereafter.

Decision

- There was a unanimous decision to approve the paper.
- Performance Reporting to be quarterly for the first six months after market opening and monthly thereafter.

8.8 MCCP009 – Correction of Errata

Decision

- There was a unanimous decision to approve the change to Clause 5.5.1(i) as set out in the MCCP009.
- There was a unanimous decision to approve the change to Clause 5.14 as set out in the MCCP009.
- There was a unanimous decision to approve the modification to Clause 6.2.7 to insert a comma between the words “Standards” and “such”. This amended the change set out in MCCP009.

Action

- The CMA to revise the paper to reflect the modification to Clause 6.2.7 above.

9. Update TP005: POLR and new TP007: Gap Site Allocation by the CMA

9.1 Update on TP005 (POLR) by the CMA

- CMA has updated the paper in line with comments from the January TP and the paper had been published on the CMA web-site

9.2 Discussion and Comments

- The Commission had some concern that in the presentation of options the CMA had made recommendations. This could give the impression that the CMA was setting policy.
- Satec considered that the Market Code stated that the POLR should be reviewed. Satec considered that the briefing given by the Commission at an LFIG meeting was that the CMA should define the POLR process. There had been a long discussion at the last TP and the CMA had encapsulated the points and recommendations from TP members. Satec had no issues as to what had been published.
- The Commission noted that the paper would benefit from the distinction between the CMA and the TP being made clearer.

9.3 Decision

- The TP approved the content of the Consultation Paper.

9.4 TP005: Agreed Actions

- The CMA to ensure that a covering note or some similar device will make it clear that a) the paper had been written by the CMA on behalf of the TP and b) the paper had been approved by the TP on 21/02/2008.
- The CMA to notify potential interested parties
- The Commission to advise the CMA of its consultation list.

9.5 TP007 Gap Site

- The CMA noted that the Market Code was silent on the method allocation of Gap Sites identified by SW.
- The paper authored by the CMA proposed that initial allocation of all Gap Sites after market opening should be to BS.
- The paper set out the governance by which the TP should review and revise the Allocation Process.

9.6 Discussion and Comments

- The Commission considered that the Market Code should define the method of allocating Gap Sites identified by SW.
- The Commission had concerns that all Gap Sites were initially being allocated to BS.
- A concern of Satec was that they would not want random sites out with their main geographical operational areas.

9.7 Decision

- The CMA to write to the Commission on behalf of the TP stating that the initial allocation of Gap Sites should be to Business Stream as set out in TP007.

9.8 Next Steps

- The Commission to define the Gap Site Allocation process; this needed to be completed prior to market opening.
- The Commission to initiate changes to the Market Code.

10. Monthly Read Meters: MCP003 and M CCP010

10.1 Update on M CCP002

- A report on the Impact Assessment circulated as part of the TP papers.
- BS had withdrawn its objection to the paper M CCP002.
- CMA resubmitted the original change proposal for a decision.

10.2 Decision on MCP002

- The TP unanimously approved M CCP002.

10.3 Introduction of M CCP010 by BS use of Customer Own reads (COR)

- M CCP allowed LP to engage with its customers to achieve the most appropriate reading mechanism.
- BS was actively encouraging customers to provide readings so that they obtained accurate retail bills.

10.4 Commentary by the CMA

- The change to use COR would have no impact on the calculation of the Wholesale Charges.
- The change to use COR would mean the CMA would have to amend the performance reporting reports; this impact had not been evaluated but it was not expected to be onerous.

10.5 Questions and Discussion

- The Chairman noted that environmental saving was not an applicable decision criterion for the TP.
- SW was concerned that customer read may not reflect the actual usage. SW was concerned about the possible impact on its leakage work. SW put forward an alternative which was for LPs to provide reads on a quarterly basis; the remaining eight to be COR.
- Satec suggested that the paper be accepted with a review after four months of operation.
- The Chair noted that in his experience large customers do not abuse their role when providing their own reads.
- The Chair noted that SW had not presented a case that the change prevents them from carrying out their statutory obligations.

10.6 The Decision

- The change was approved on a majority vote with SW voting against the paper

10.7 Follow-up actions

- SW to review the matter and write to the Commission, with a copy to other parties if it so does.

11. Update on OCCP 003 (17/Jan/08): Add Meter Process

11.1 Update from the CMA

- The change itself did not present any issues however there was a linkage to a data cutover matter that at the time of the meeting had not been resolved; hence the impact assessment had not been completed.

11.2 Discussion and Questions

- The CMA advised that depending on the outcome of the data cutover query SW may have to include an extra data flow whenever the process was used; the volume of usage was expected to be very low.
- The view of BS and the Chair was that the general flag issue would exist even if the change paper went forward.
- The CMA advised that it was appropriate for a decision on the change to be taken.

11.3 Decision

- There was a unanimous decision to approve the paper OCCP003.

11.4 Follow-up actions

- The CMA would include the outcome of the impact of the data cutover assessment in the Final Report for this paper.

12. Update on OCCP004: Process 27 Application for a Non-Return to Sewer allowance

12.1 Update by CMA

- SW advised that it would be in a position to handle the process from any date after the 1st of March 2008.
- The Commission had blocked CMA initiated amendments to the change originated by BS.
- The CMA thus proposed to represent the original paper.

12.2 Decision

- There was a unanimous decision to approve the paper OCCP004.

13. Other CMA Processes: TP006 and update to TP004

13.1 Introduction by the CMA to TP006 Working Procedures

- The CMA introduced the paper.
- The CMA advised that there were now two WPs in existence as set out in the paper:
 - WP001 – change management process as per agenda item 7; and
 - WP002 – SPID requests to the CMA prior to 01/04/08.
- These WPs would be included in a briefing pack to any new LPs who were about to enter the market.

13.2 Decision

- The TP noted the paper TP006.

13.3 Update on enquiries TP004 (17/Jan/08)

- The CMA reported that guidance on the enquiry process and process for handling records in error has been issued.
- It was proposed to issue a Working Procedure to formalise the arrangement.

13.4 Decision

- The TP noted the update to paper TP004.

14. Any Other Business

14.1 Websites – this subject was raised at a variety of times during the day; comments are consolidated below:

- The Commission noted it currently held the Operational Code and Market Code on its website but ownership of these had now passed to Scottish Water and the CMA respectively. TP members noted that there would need to be co-ordination between the CMA, the Commission and SW to ensure the Commission provided links to the correct CMA / SW webpage.
- The Commission advised that its website was due to be updated in the near future thus SW, BS and the CMA may need to amend any parts of their own websites pointing to the Commission’s site.
- The CMA advised that there would be changes to the CMA website but this work had a lower priority than preparing for market opening. TP Members expressed the wish to receive notifications whenever the CMA website was updated.

14.2 SW indicated that they would bring the following to the next TP

- A paper on the charging of services provided under the Operational Code.

14.3 Meeting timetable

- The TP Secretary proposed moving dates in August, October and December from the “third” Thursday in the month to an adjacent Thursday.
- TP member to advise ASAP before the formal minute is issued if this raised any problems.
- Firm dates for the rest of the year are tabled below (assuming amended dates were accepted).

Meeting	Papers to the CMA by	Time of Meeting
3 rd TP Meeting	Wednesday 02/04/2008 23:59	Thursday 17 th April 2008 @ 10.00
4 th TP Meeting	Wednesday 04/06/2008 23:59	Thursday 19 th June 2008 @ 10.00
5 th TP Meeting	Wednesday 13/08/2008 23:59	Thursday 28 th August 2008 @ 10.00
6 th TP Meeting	Wednesday 24/09/2008 23:59	Thursday 9 th October 2008 @ 10.00
7 th TP Meeting	Wednesday 27/11/2008 23.59	Thursday 11 th December 2008 @ 10.00

14.4 Standard response to the enquiry – “who is my LP?”

- The CMA anticipated handling enquiries of the type “Who is my Supplier / LP?”
- The CMA is not able to answer the question however it did wish to be helpful within the constraints of what it is permitted to say.
- TP members were asked to comment on the text overleaf:

Dear [.....]

I refer to your recent enquiry about [.....]

The Central Market agency (CMA) operates at a Wholesale level. It does not have systems to enable it to provide non-domestic customers with the identity of their Licensed Provider (LP). However, I hope that you find my general guidance to be useful.

To find their LP(s) non-domestic consumers are advised to refer to their invoices for water and for sewerage services which are issued by their LP(s).

LPs who have a license to operate in Scotland are listed in alphabetical order below:

- Business Stream Tel
- Satec Tel
- Add other LPs as they become licensed to operate

Domestic consumers do not have an LP;

- Consumers who do not have a meter are required pay their water and sewerage charges as part of their Community Charge which is issued by their Local Authority.
- Domestic customers who have meters are invoiced directly by Scottish Water (Customer Service Number 0845 601 8855)

Yours sincerely

Alan Jones

CMA Technical Officer 01786 468 869