

Attendees

Brian Saunders, CMA (Chair), Jeremy Atkinson, CMA, Alan Jones, CMA (Secretary),

Jill Ashby (Gemserv) part of the meeting

Jessie McLeman (SW), Edgar Speak (Satec), Trevor Nelson (Business Stream)

Preliminaries

Points from the Chairman

- The primary purpose of the Technical Panel (TP) is to control change to the Operational Code and to the Market Code. The change must be specifically judged against the Objectives and Principles set out in *The Water Services (Codes and Services) Directions 2007*. No other criteria should be used.
- Under the Market Code the TP may review and comment on the CMA budget once a year.
- It was determined that the Chairman of the CMA should also chair the TP as this enabled coordination of both organisations at a strategic level.
- If a TP member has reservations about any matters they may be raised privately with the Chairman.

Points from the CMA Chief Executive

- A set of briefing notes accompanied the agenda; they would be updated after the meeting and circulated.
- They will effectively become the minutes.
- This approach may be modified in the light of experience.

Summary

Paper Ref	Decisions	Next Steps
TP001	Noted that TP had been consulted	Mid-year <u>reforecast</u> to be reported to the TP
TP002	Accepted Option 3 in the paper Follow up with an M CCP at the next TP	Several CMA actions see notes
TP003	Modify the document in the light of feedback and circulate	Several CMA actions see notes
TP004	Modify the document in the light of feedback and other work in progress then circulate	
TP005	Paper accepted without change	CMA to work document into a consultation document CMA to determine allocation method for a Gap Site for the next TP
MCCP001	Matter raised to be handled by a Technical working group	Actions by all TP members - see notes
MCCP002	Paper subject to an impact assessment	TP Secretary to issue questions
MCCP003	Paper accepted as it stands	Pass to the Commission
OCCP003	Paper subject to an impact assessment	TP Secretary to issue technical questions and also pass to Commission
OCCP004	Paper accepted with amendment	Pass to the Commission
OCCP005	Paper accepted with amendment to the form	SW to amend the form Thereafter to be passed to the Commission
AOB		

1. TP Paper 1: Draft 2008-09 budget

1.1 Introduction by the CMA Chief Executive

- This draft budget has been approved by the CMA Board.
- Under clause 7.2.2 of the Market Code the TP must be consulted about the draft budget.
- The budget is set at £2.5million which was the amount estimated by the Commission in 2004 at 2003/4 prices; this approximates to £3million at 2008 prices.
- JA considered it important that the members concur with the budget.
- The strategy is for the CMA to have a small core team and to contract market operating activity to the Service Provider.
- Service Provider costs are mainly fixed; there is very little discretion.
- CMA salary costs are fairly fixed assuming planned headcount.
- There are other contractual commitments.
- There is an upward risk associated with the Management of the Market Code and the cost of change.
- The CMA Board's view that the budget was very tight and that cost are more likely to be higher than budget than to be lower than budgeted.

1.2 Response by the CMA to Questions

- The contract with Gemserv provides for 200 switches per month to be at zero cost to the CMA; all other transfers in excess of 200 will incur a fixed fee per switch; the definition of a "transfer" has been agreed. The variable charge will come into play for all transfers over 200 per month from April 1, 2008.
- The budget includes a sum for Market Code and system change and this is the main variable. The chairman advised that the impact on the CMA budget was not a criterion for reviewing the changes; the only criteria were the objectives and principles of the Codes. The meeting noted that the principle of proportionality was one of the review criteria.
- Media Relations included the cost of taking a pro-active as well as reactive approach including the briefing of key people in advance. The Board wanted the CMA to be prepared for possible events.
- Recruitment Costs included bringing the staff level up to the anticipated number and the cost of churn; particularly if contractors should decide to not renew contracts.
- The CMA is in a position to borrow for large capital expenditure but the CMA does not foresee the need for it particularly as the capital cost of the system is around £50k. There will be an opening Balance Sheet.

1.3 Other Discussion

- See AOB concerning system ownership, etc.
- The TP requested that the mid-year [reforecast](#) be reported to the TP once it had been reviewed by the CMA Board.
- The TP noted that they had been consulted about the CMA budget in accordance with clause 7.2.2 of the Market Code.

2. TP Paper 2: SPID weighting for calculating CMA charges

2.1 Discussion and Questions after presentation by JA

- SW noted that large capacity meters were sometimes provided to meet seasonal capacity needs.
- Satec queried how the method would work for multiple meters.
- Satec sought information on the cost per customer.

2.2 Decisions Taken

- Meeting Agreed to Accept Option 3 as recommended in the paper and approved the paper as it stands subject to the inclusion of the word “typical in the title of Option 2.
- CMA to provide information at the next meeting to show how it would work in practice.
- CMA to work with Gemserv to identify method that incurs the least administration when a SPID has multiple meters.
- CMA to provide an indicative cost per meter based on Option 3 and using current data; note that this data is not the final data.

2.3 Next Steps

1. Pass to the Commission for advance discussion.
2. CMA to raise a MCCP for the next TP.
3. Assuming acceptance at next TP:
 - Publish changes pending Commission approval;
 - When approved:
 - Publish as an approved change;
 - Include in next revision of the Market Code;
 - The CMA will invoice LPs on the basis of the revised allocation.

3. TP Paper 3: Working Procedures: Change management and attached forms

3.1 Introduction and Guidance by the CMA

- Objective is to have a transparent process.
- Scope is an end to end process which includes implementation of the change into the Codes and associated central system changes.
- This is a starting point and TP member's input will be welcomed.
- Forms and attachments are best submitted by email by the Contract Manager or their delegate. A signed hardcopy/fax of the main paper must be received by the CMA prior to the TP meeting.
- The Proposer should introduce and explain the change and may lead the discussion. Thereafter the TP as a whole will determine the outcome and the final detail.

3.2 Discussion

- TP Members agreed that the Proposer may request the withdrawal of the change up to the issue of the agenda. Proposers should note that withdrawal less than eight BD before the meeting will result in the CMA or other TP members being inconvenienced.
- The TP members noted that changes approved by the TP would then be subject to a six week holding period pending confirmation from the Commission. The mechanism for passing approved changes to the Commission and obtaining feedback needs to be determined.
- It was desirable that a current status log of changes was kept on the CMA website, for both the Market Code and the Operational Code.
- There needs to be a procedure for both Market Code and Operational Code Changes.
- Further detail concerning status of changes, terminology, etc will be included in a revised document including:
 1. clarity that Impact Assessment is not carried out within five days;
 2. need for a glossary as to the different stages;
 3. the current version of any code must be the full code on the website, i.e. not cross references to the status list;

3.3 Decisions Taken

- The CMA would maintain the log for both types of change.
- Modify the paper in light of the feedback and re-circulate.
- Papers must have a title; forms must have a version number.
- CMA to discuss the matter of Commission Approval with the Commission.

4. TP Paper 4: Working Procedures: Enquiries

4.1 Introduction by the CMA

- This is work in progress.
- Objective was to provide a service that provided timely and accurate information and to be able to keep track of enquires at both detail and summary level.
- Enquiries fall into two categories:
 1. Technical Enquiries;
 2. Administrative.
- The CMA needs to develop strategies and systems to handle possible high volume events such as enquires about meter reading rejections and enquires from SW about the ID of the LP for one or more SPIDs.

4.2 Discussion

- SW noted that the CMA had to produce an error handling process.
- SW advised of the enquires they expected to make:
 1. Enquiries about data flow errors notified to SW, i.e. error handling and technical questions;
 2. Settlement Queries;
 3. From customers who did not know their LP or their unique ID;
 4. Passing on enquiries received by SW that they considered it was the CMA role to answer.
- TP members anticipated that all parties would have questions concerning billing and settlement information.

4.3 Decisions Taken

- CMA may not advise consumers of the ID of their LP; the possible method is to refer the enquirer to their water bill. The meeting acknowledged that this was an issue in other markets, it needed to be resolved and that it should be taken up with the Commission.
- Circulate revised document.

5. TP Paper 5: Provider of Last Resort' (PoLR) arrangements

5.1 Discussion after the initial presentation by JA

- SW observed that use of a grace period before invoking POLR did not occur in Telecoms, i.e. the approach taken has varied in different industries.
- SW was concerned about their exposure to non-payment by LPs during any grace period. SW considered that the Act allows SW to recover charges from LPs so there is no 'grace' from being liable for payment.
- Customers may have paid in advance on a rateable value basis so would be resistant to paying an incoming LP for services already paid for. Consideration should be given to counting rateable value customers as a specific class which is subject to the generic distribution method.
- The practical arrangements are very important:
 1. SW will not have a billing system so cannot become a POLR as it does not have the ability to invoice customers;
 2. Niche LPs may not have the systems to be able to handle the influx and ongoing billing of a 1000 customers;
 3. In some cases it may prove very difficult to obtain customer information from the outgoing LP.
- Each POLR would need to be contextualised, i.e. the parties would ideally work to try to resolve the situation in a constructive way ;
- The triggering of POLR tends to suppress further discussion as the mechanics of the process take over.
- It is preferable to keep water and sewer SPIDS together in POLR circumstances if they are currently together:
 1. The customer will have had a single LP just prior to the POLR;
 2. In general terms there is more administrative overhead for the CMA and the customer if the two services are split across two LPs;
 3. The method of choosing the PoLR may also apply to the Gap Site process where a single premises, currently unknown to SW, is identified by SW. Allocating both SPIDs to a single LP is preferable as it best meets the principle of "simplicity, cost effectiveness and security".
- Use of a dwell period before the customer can switch away from the POLR LP in order to allow some cost recovery is inconsistent with generic WIC policy of customer choice.

5.2 Decisions Taken

- The questions in the paper were accepted.
- It was suggested that the bullets on risk be removed.
- The CMA to update the document into a consultation document.
- CMA to advise TP at the next meeting of the method of allocating single premises as part of the Gap site process.

6. MCCP 001: CSD201 / Reconciliation Reports

6.1 Introduction by the proposer SW

- SW had initially presented a previous version of this paper to the Commission who referred it to the CMA.
- SW do not know the detail of the current reports being proposed in the CSDs
- SW consider that the reports proposed in the report are in aggregated level except where they need to deal with an LP at a lower level of detail.
- The vacancy info a SPID level is required to enable SW to monitor properties that are out of charge and thus protect revenue and to be fair to everyone else;
- SW has concerns about the technical format of the current reports but note that this was not a policy matter; this had been progressed separately but is being raised now at the TP as it is a matter of concern and as it was holding up development.
- There was also a decision on this item.

6.2 Thoughts from the CMA

- The key principle was that market players do not need to have their own reconciliation systems and that they should have confidence in the central systems which should be subject to quality assurance.
 1. The method chosen is consistent with the method used in the electricity industry when a central system is used to provide the data for wholesale billing;
 2. All parties need to have confidence in the central system;
 3. This is achieved by market audit which is in hand and by other assurance activities including external audit which is in hand;
 4. Test data and the scripts will be made available to interested parties.
- Moving things forward
 1. This is a useful paper; needs work so that it can be assessed by the Service Provider.
 2. Proposed that a technical group be set up to take this forward (see notes below).
- Level of reporting: some of the data requests appear to be at SPID level, but this could be looked at by the Technical Group.

6.3 Satec Perspective

- Accept the information requested in the reports is valid.
- They are concerned about the reports coming from the CMA.
- Consider it impossible to manage the market effectively as the pricing system is unworkable.
- It is not possible for them to carry out auditing from a Satec shareholder perspective.

6.4 Perspective from the Chairman

- Electricity relies on a central system and central system audit. Many suppliers do not have matching systems.

6.5 Decisions Taken

- Set up a Working Group chaired by the CMA Technical Officer to take the business content of the reports and their technical format forward.
- LPs and SW to nominate membership.
- LP Members to identify their needs which will be considered by the group.
- The Working Group would review the SW paper, any other requirements from members; the detailed proposals made by the CMA and Gemserv, look at all the requirements together, including synergies, and make recommendations.
- Satec to be sent items that were presented at the Tripartite meeting.
- The new reports were outside the scope of the work defined by the current version of the CSD.
- This specification of the new reports together with the technical specification of existing reports would need to be included within a revised CSD and subject to formal change control.

7. MCCP 002: Monthly Read Meters

7.1 Introduction by the CMA

- The CMA's perception was that this was a drafting error.

7.2 Discussion

- BS noted that this change would result in them having to read a much larger number of meters than they had planned.
- Other TP members noted that if all three criteria had to be met then very few meters would be read monthly.
- SW agreed to confirm the status prior to Business Separation.

7.3 Decision Taken

- The paper would be subject to an impact assessment.

8. MCCP 003: Alignment of Articles and Market Code

8.1 Introduction by CMA Chief Executive

- This paper remedied the inconsistencies between the Market Code and the CMA Articles of Association.

8.2 Decision Taken

- Paper MCCP 003 was approved as it stands.

8.3 Next Steps

1. Pass to the Commission for approval;
2. Publish the change as pending Commission approval;
3. When approved publish as an approved change;
4. Include in next revision of the Market Code.

9. OCCP 003: Process 8 Existing Unmetered Supply Point

9.1 Introduction by the proposer BS

- Adding a meter to an existing supply point was currently in use at the moment and was provided for in the current scheme of charges.

9.2 Discussion and questions

- The CMA noted the possible impact on maintaining the transitional charging indicator needs to be considered.

9.3 Decision Taken

- Proceed with an impact assessment; work to be completed as a matter of urgency so outcome can be presented at the February meeting.

10. OCCP 004: Process 27 Application for a Non-Return to Sewer allowance

10.1 Introduction by the proposer BS

10.2 The CMA proposed an amended text

- Avoids repeating the performance measure in two documents / replace “will” with “shall”
- BS Wording “ Within 2 Business Days of granting the allowance, Scottish Water will notify the Central Market Agency of the extent of the allowance in accordance with the Market Code.”
- CMA Proposed wording “Subsequent to granting the allowance Scottish Water shall notify the Central Market Agency of the extent of the allowance in accordance with the Market Code.”

10.3 Discussion

- SW concurred with the proposal but would need to advise as to when the change could be implemented as there was reluctance to make immediate changes now due to the current status of testing and training; implementation will be not later than 21/03/2008.

10.4 Decision Taken

- Paper accepted with revised wording from the CMA.

10.5 Next Steps assuming acceptance

1. CMA will pass to the Commission for approval;
2. SW to advise on the implementation date.

11. OCCP 005: Processes 22 and 25 Form H

11.1 Introduction by the proposer SW

- Need for additional signature had been identified.
- Have taken the opportunity to correct other wording, no other fields have been added.

11.2 Commentary by CMA

- The CMA has no comments on the changes.
- CMA suggested the use of a version number instead of an amended date.
- The TO notes that the form design does not have an originator's reference.

11.3 Decision Taken

- Form agreed with modification as per discussion.

11.4 Next Steps

1. SW to amend form and pass to the CMA.
2. CMA to pass to the Commission for approval.

12. Any Other Business

12.1 Central System Information (discussed during the agenda item about the CMA budget)

- The capital employed in the IT system is some 50K for two servers; these are located in Dundee and London to provide resilience.
- The main costs to date are the cost of developing the system.
- The Commission permitted Gemserv to retain title to the software as part of the commercial negotiation however the CMA interests are fully protected. Part of this protection includes holding the code in escrow.
- The CMA has a reciprocal arrangement with Gemserv to use their office in London in case of the need to invoke disaster recovery.

12.2 Errata process

- Scope is restricted to Typos or formatting errors.
- Intended to be an informal process to collate what was required.
- The Chair gave guidance that the TP must give approval to all changes before the items are included in the live codes.
- CMA will publish a working list of CSD items.
- CMA welcomes additions from Market Players; Contract Managers may designate specific people to contribute.

12.3 Document Formatting and Control

- TP Members requested that all Papers have some form of description in the header to facilitate the reader.
- TP Members noted the need for a version number in forms and in other documents.
- The CMA notes the number of documents being circulated and is aware of a number of form changes that are in the pipeline.
- The CMA offers to create a simple guideline to assist document control.
- Documents should not have active links to websites as the inclusion of active links increase the risk that the document is quarantined as spam when passed between parties.

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

- Two forms associated with Operational Code Process 1 and 2 (New Connections).
- Building Water.
- Development Impact Assessments.

12.5 Meeting timetable

Meeting	Papers to the CMA by	Time of Meeting
2 nd TP Meeting	Monday 11/02/2008 @ 10.00 am	Thursday 21 st February 2008 @ 10.00 am
3 rd TP Meeting	Monday 07/04/2008 @ 10.00am	Thursday 17 th April 2008 @ 10.00am
4 th TP Meeting	Monday 09/06/2008 @ 10.00am	Thursday 19 th June 2008 @ 10.00am