
**Technical Panel Meeting, 08 December 2011
Approved Minute**

Attendees

Jeremy Atkinson (JA) - CMA
James Bream (JB) - Business Stream
Alastair Ross (AR) - Satec
Neil Cohen (NC) – CMA (TP Secretary)
Jessie McLeman (JMCL) - Scottish Water
Kevin Ensell (KE) – Osprey
Brian Saunders (BrS) – CMA (Chair)

Apologies

David Walters (DW) - Commission.

1. Minute

The minute of the meeting of 20 October 2011 was approved.

2. Actions and Administrative Update

NC provided an update on the action log:

NC advised that AP171, AP172, AP173, AP174, AP175, AP176, AP177, AP178 and AP179 had been completed and that AP169 was ongoing (and would be a standing action). JMCL reported that AP163 and AP167 were ongoing, noting that AP163 would be considered, as details of the implementation of MCCP079 developed.

NC confirmed that no Change Proposals had been withdrawn at or since the last Technical Panel meeting.

NC confirmed that MCCP082 (Error Codes), MCCP088 (September Release CSD Drafting) and MCCP089 (Schema Changes for Validity) had all been implemented in the September Release. NC also confirmed that MCCP086 (Reporting on New and Partial SPIDs) had been implemented in early November and that MCCP090 (Performance Measures Update) had been implemented for the October Performance Reports. Finally, NC reported that MCCP052 (De-Registration Transaction Flows) and MCCP079 (De-Registration of New and Partial SPIDs) had been approved by the Commission on the 20 October 2011 and were scheduled for implementation in the March 2012 Release.

NC confirmed that no new Commission Changes had been implemented since the last Technical Panel Meeting and that one new Commission Changes had been introduced since the last Technical Panel meeting; MCCP091 – CC (Vacancy Charging Admin Scheme). NC explained that, following discussions to develop the detail of the scheme, the Commission had issued MCCP091 – CC as a draft and anticipated finalising the proposal following consideration by the Technical Panel.

JMCL had a number of comments on Annex 2 of the MCCP – CC (the Indicative User Requirements). NC noted that, as the User Requirements were only indicative, these

comments could be provided to the CMA for consideration as part of the implementation, assuming that a final Commission Change would be forthcoming. JMCL agreed to provide the comments to the CMA.

AP180: SW to provide comments on the URs for M CCP091 – CC to the CMA.

A number of questions were raised relating to Annex 1 of the M CCP (Processes);

- JB asked for confirmation that, where possible, the customer would be confirming the Date of Occupancy to SW and that SW would then provide this information, otherwise SW would provide the date of the site visit. JMCL confirmed that this was the case.
- NC clarified that the Date of Evidence (which is included in the new transactions) was the date of the site visit that SW would make as part of the investigation.
- BrS asked whether the grace periods ran from the initial transaction submission, or from the Date of Evidence. NC confirmed that the grace periods ran from the Date of Evidence. JB asked precisely when SW would be obliged to provide the evidence pack to the LP. JMCL thought that it was within 2 business days of the end of the grace period, but it was noted that this did not appear to be explicit in the M CCP and NC noted that this particular process step was one that was outwith the scope of the Market Code.
- JB asked who would be responsible for ensuring the performance of the arbitrator. JMCL confirmed that this would be SW, given that SW would be the contracting party and that SW would therefore also be responsible for the performance of the arbitrator from a contractual point of view, although the arbitrator would be independent in its decision making. However, SW committed to sharing data on the scheme with WICS. JB asked if this would also be shared with the Technical Panel. This was not concluded and JB agreed to ask WICS (See action below).
- JB asked if there was a definition of occupancy and whether, along with such a definition, there was a sufficiently good standard of evidence to avoid ambiguities and challenges following applications. JMCL noted that an arbitrator could only work with published definitions and AR noted that a definition of occupancy had been put forward in the Wholesale Scheme of charges, which KE noted had been commented upon by parties. KE also suggested that some form of reporting would allow the TP to consider the frequency and success rate of applications and JA noted that some form of report could probably be developed against the transactions specified for the scheme.

AP181: CMA to consider the development of a report to monitor application success rates.

- JMCL questioned the relevance of the check against the initiating application regarding a 'change to chargeable status' of the relevant SPID. NC agreed to check this aspect of the drafting (NOTE: This check was done following the TP and the reference to 'change in chargeable status' will be removed, as this is erroneous drafting and is not reflected in the CSD drafting, or elsewhere).

NC agreed to pass these remarks to the Commission, for consideration and clarification prior to finalising the Commission Change. JB also committed to asking any questions at the earliest opportunity for WICS to respond to.

AP182: CMA to pass TP comments on M CCP091 – CC to the Commission.

AP183: BS to put questions to the Commission regarding M CCP091 – CC at the earliest opportunity, to include clarification of whether scheme data provided to the Commission would also be provided to the TP.

NC noted that there had been two bulletins issued since the last Technical Panel meeting, both of which pertained to the date for cutover to the upgraded CMA CS hardware platform and for the September Release. NC also noted that there had been no guidance notes issued since the last Technical Panel meeting.

3. Change Proposals in Progress

There were no Change Proposals in progress to be discussed.

4. New Change Proposals

There were no new Change Proposals to be discussed.

5. Forward Plans

NC presented the Issues and Forward Planning Report. NC noted that there were a small number of changes to the Issues Log and to the CMA CPx Log since the last meeting and that the September Release had now been implemented and was therefore no longer identified on the Release Calendar.

6. Performance Statistics

CMA Business Indicators

NC presented the Business Indicators Report.

Participant Performance

NC presented the market Level Participant Performance Report.

Performance Standards Review

NC presented the Review paper that had been produced by the CMA in response to an action placed at the October Technical Panel. NC noted that the report included data up to and including the September performance, but there had not been time to update it with the October data. NC also noted that reports had only been produced since June, albeit backdated to April. Therefore, NC suggested that there were no obvious trends that had yet emerged.

JB suggested that, although there were still many legacy issues to be dealt with, such as gap sites, behaviour had changed as a result of the performance measures. Although the continuing uncertainty about BAU levels of activity such as gap site activity makes resourcing a challenge, JB believed trends would strengthen over the next few months but more importantly, internal work on underlying issues would inform solutions, or issues contributing to continuing performance failures. JMCL noted that the introduction of the de-registration flow would be a significant development, given that currently de-registrations were having an effect on performance penalties via the disconnection flow and having an adverse effect on performance, e.g. if there were several transactions, there were multiple performance penalties. JB suggested that he present a note to the TP, at the April meeting, describing some of the behavioural changes and initiatives that had been encouraged by the performance measures, as well as describing some of the potential issues that might emerge.

AP184: BS to provide a paper on initiatives and issues arising from the performance measures to the April Technical Panel.

KE noted that an independent observer might consider the number of failures as being high and perhaps the TP should consider where the industry should focus its efforts to improve the situation most efficiently. JA noted that the 'new' measures had been developed from original measures, set down prior to market opening, with a view to removing any perverse incentives and that they had not been quantified in terms of their significance for the market. JA asked if participants might have a view on which of the measures reflected the most problematic area of activities under the Market Code. JB suggested that perhaps meter reads might be among the more difficult areas, as these are being impacted by metering policy, as one example. KE noted that in the light of recent experience of transferring a key customer, the performance standards seem not to be incentivising participants sufficiently to permit efficient transfers in the market.

7. Any Other Business

Data Working Group Update

NC provided a summary of the progress at the DWG that had been held on the 30 November 2011. NC explained that, as requested by the previous Technical Panel, the DWG had considered two main items; Market Enhancement Projects to review property references in the CS and Retrospective Amendments.

NC noted that good progress had been made in defining the scope and objectives for a Market Enhancement Project and that two participants had indicated a possibility that they would be in a position to sponsor the work.

One key issue that had arisen under the consideration of Market Enhancements Projects was the need for a pilot to ensure that matching of unique property references to SPIDs was a practical proposition. JMCL suggested that a proof of concept pilot was essential and KE noted that a pilot would also allow the costs of a full scheme to be considered.

The other key issue that had arisen concerned the governance of Market Enhancement Projects, in particular, whether there could be multiple sponsors, and/or payment by a sponsor for resources from another participant. The DWG had asked NC to discuss this

with the CMA CEO. JA thought that only one sponsor had been envisaged by the CMA Board, originally. JB asked whether the CMA would invite bids for sponsorship. JA said that this approach was not envisaged and BrS suggested that the Board would expect potential sponsors to agree which of them might come forward.

Regarding retrospective amendments, NC noted that there had been some early agreements on some changes to the CSD and the CMA would ultimately bring forward proposals for the Technical Panel to consider. However, there had been a discussion as to whether retrospective amendments should continue to be Additional Services (and be charged to the requesting parties), or whether they should be incorporated into the CMA's routine activities, whereby periodic script runs would be undertaken, with parties submitting their amendments and the CMA recovering its costs via the normal CMA charges. NC noted that the DWG would consider this in the light of statistics on amendments to date.

Market Enhancement Projects

JA presented a revised version of the note that had been presented to the previous Technical Panel, noting that it had been updated to reflect the three refinements identified; there should be an explicit requirement to deliver customer benefit, there should be flexible governance and Project Briefs should make it clear that, although Project Boards would determine whether a project should continue, at each stage boundary (or other control point), costs incurred by a sponsor would be reimbursed.

Performance Charges

JMcL explained that the caps applied to performance charges was based on turnover, as calculated by the R1 settlement runs. However, JMcL went on to explain that these caps were based on original R1 runs, but were not re-visited, even when the R1 were subject to amendment, following a dispute. NC noted that the original intent was to deliver certainty at the earliest opportunity and to keep the calculations simple. NC also noted that the CMA systems were such that the CMA would always bill consistently on the basis of caps calculated against original R1s, regardless of whether any post-dispute amendment lowered or raised the turnover amounts for one or more parties. JA also noted that disputes had been used as a vehicle not only for seeking corrections to settlement calculations, but also to reconcile settlement runs with data amendments and it would be necessary to determine which of these two types of dispute might be a basis for re-visiting performance charge caps. BrS also noted that performance charges in the electricity market followed a similar logic to the MC arrangements. The general view was that the current approach should be retained.

CSD0101: Connection Processes

JMcL presented a late paper and explained that there were three scenarios that had become apparent since the fix to the registration validation process had been implemented in the November Release.

The first of these concerned the use of zero RVs. JMcl suggested that there were situations where a zero RV needed to be used, but that hardly any SPIDs could be made tradable currently, because a non-zero RV was required. JB noted that this was also preventing SPID transfers. BrS asked what the circumstances were where a zero RV was required. JMcl offered two examples; farms might be given a zero RV and for managed multi-occupancy buildings, where it was not clear whether the building SPID or the unit SPID would be allocated the RV based charges (surface water drainage), a zero RV might be used. It was agreed that there were circumstances where a zero RV is correct and would be so in perpetuity (e.g. farms) and where a zero RV is correct but would be updated (e.g. where assessors do not initially rate properties).

JA asked why, as an alternative to allocating a zero RV, the RV based charges could simply not be registered until such time as a non-zero RV could be applied (and charges could then accrue). JB suggested that the registration with a zero RV, although resulting in zero charges for the RV based services, did serve other purposes; i.e. it met the needs of customers.

JMcl felt that it was better to get these SPIDs into a tradable state, particularly where a WS SPID might be otherwise held up by an SS SPID. The property is meantime consuming services and it should not be held up while the Assessors review the valuation. JB also felt that it was better to get such SPIDs into the market. AR noted that SW used default estimated RVs for purposes not associated with the MC and JB suggested that consideration could be given to use of such estimates, in the absence of an assessed RV. In the short term, JA suggested that a 1p RV could be used, instead of a zero RV. BrS suggested that a Commission view was needed, to determine whether it was better, on balance, to get SPIDs into the market, albeit with partial or missing data, or whether data quality was more important. AR also noted that there was an issue if a customer's bills had to change, simply to reflect a change from an estimated or default RV to an actual. The CMA agreed to put this question to the Commission and to initiate further discussion on the basis of the Commission's views.

AP185: CMA to ask the Commission for their view on whether delays to getting SPIDs into the market, albeit with a correct RV for charging purposes was preferred to earlier market entry for SPIDs, perhaps with estimated or default RVs.

AP186: CMA to initiate further discussion, based on the Commission's view as to the preferred approach for managing RVs, including those circumstances where a zero RV was considered to be valid.

The second and third scenarios that JMcl described concerned the timing of the sequence of transactions for getting new SPIDs and gap site SPIDs, respectively, connected (and tradable). In particular, if the timing and sequencing (relative to the T7 connection transaction) of the T6 transaction from an LP was not met, a SPID would not switch to being tradable. JB noted that this occurred even for modest deviation from the required timings and was not in keeping with the principles of the Market Code and the performance measures. KE asked if the Commission were pursuing the expediting of RV assessment by the SA, as it could sometimes be 18 months before such assessment has taken place. KE suggested that lack of action by the SA could create significant reputational damage to the functioning of the market if this is not addressed

effectively by the Commission and that the Commission must approach this from the customer viewpoint. The CMA agreed to put this question to the Commission.

AP187: CMA to ask the Commission for an update on discussions with the SA regarding the timescales for RV assessments of new premises.

KE also asked what the scale of this timing problem was. JA noted that there were some 20,000 gaps site SPIDs still to be made tradable, many of which were suffering from this problem. JA also suggested that there were a number of possible changes that might be considered; A new transaction notifying SW when a T6 had been submitted by an LP, an effective from date for a T6, allowing some backdating of such a submission and changes to the timescale set down in the CSD. JB asked when such changes could be implemented. Given the time needed for discussion and development, prior to implementation, JA suggested that the September 2012 Release might be a realistic vehicle for implementing such changes. JMCL asked whether it was practical to reverse out the fix that had been implemented in the September Release. BrS noted that this would require a change to the CSD and JA explained that this would also need some design consideration and would not be possible for the March 2012 Release. JA noted that it might be feasible to adopt a 'hot fix' for any change. The CMA agreed to set – up a Working Group to consider longer –term solutions early in the new year.

AP188: CMA to set-up a Working Group early in the new year.

NC suggested that a short – term solution might be feasible, making use of retrospective amendments. NC agreed to produce a guidance note for participants and to set – up a telephone conference to discuss this approach.

AP189: CMA to organise a telephone conference and produce a guidance note on a short-term approach for managing the timing difficulties for the connection process.

Summary of Actions

Action	Subject	Update
<i>From the minute of the meeting of 20th October 2011</i>		
AP163 SW	SW to review the Operational Code to determine whether an OCCP is required to support MCCP079, following further development of requirements for MCCP079	
AP167 SW	SW to review the current status of matters under the Metering Working Group.	
AP169 Parties	Participants to submit proposals for additional market-enhancing projects at the earliest opportunity.	
<i>From the minute of the meeting of 8th December 2011</i>		
AP180 SW	SW to provide comments on the URs for MCCP091 – CC to the CMA.	

Action	Subject	Update
AP181 CMA	CMA to consider the development of a report to monitor application success rates.	
AP182 CMA	CMA to pass TP comments on MCCP091 – CC to the Commission.	
AP183 BS	BS to put questions to the Commission regarding MCCP091 – CC at the earliest opportunity, to include clarification of whether scheme data provided to the Commission would also be provided to the TP.	
AP184 BS	BS to provide a paper on initiatives and issues arising from the performance measures to the April Technical Panel.	
AP185 CMA	CMA to ask the Commission for their view on whether delays to getting SPIDs into the market, albeit with a correct RV for charging purposes was preferred to earlier market entry for SPIDs, perhaps with estimated or default RVs.	
AP186 CMA	CMA to initiate further discussion, based on the Commission's view as to the preferred approach for managing RVs, including those circumstances where a zero RV was considered to be valid.	
AP187 CMA	CMA to ask the Commission for an update on discussions with the SA regarding the timescales for RV assessments of new premises.	
AP188 CMA	CMA to set-up a Working Group early in the new year on the connections process.	
AP189 CMA	CMA to organise a telephone conference and produce a guidance note on a short-term approach for managing the timing difficulties for the connection process	