

**39th Technical Panel Meeting
Minute for Approval**

Present

Brian Saunders (BS) – CMA (TP Chair)
Jeremy Atkinson (JA) - CMA
Jessie McLeman (JMcl) – Scottish Water
Belinda Oldfield (BO) – Scottish Water (Observer)
Kevin Ensell (KE) – Anglian Water
Neil Cohen (NC) – CMA (TP Secretary)
David Walters (DW) – Commission
Ian Whatton (IW) - United Utilities
Emma Norris (EN) – Thames Water
Hazel Baxter (HB) – Business Stream
Paul Allen (PA) – Aimeria
Jeremy Hobbis (JH) – Severn Trent
Stuart Yardley (SY) – Clear Business Water
Alex Gilliland (AG) – Veolia
Scott Macleod (SM) – Cobalt

Apologies

None received.

Jessie McLeman

Brian Saunders noted that Belinda Oldfield was present at the TP as an observer, as Belinda will be taking over from Jessie McLeman as the SW TP Representative and this would be the last TP that Jessie McLeman will attend.

Brian Saunders noted that Jessie had been a central figure in supporting the TP since its inception and Brian, along with all TP representatives thanked Jessie for her significant contribution to the TP and wished Jessie well with her future endeavours.

1. Minute

There were no comments and the minute of 12 December 2013 was approved.

2. Actions and Administrative Update

NC provided an update on the action log:

Action Points 308, 309 and 310 were closed off and the outcome of these to be discussed under Item 3, against MCCP127.

Action Points 311, 312, 313, 314,315 and 316 were closed off, since they had all been completed.

NC noted that MCCP135 had been withdrawn at the last TP in December and that MCCP137 had been rejected at the last TP in December.

NC noted that three Change Proposals had been approved since the last meeting, namely;

- MCCP128 Meter Network Management,
- MCCP 129 TE Central System changes and
- MCCP 139 Streamlining Market Assurance and Training

One Change Proposal had been implemented since the last meeting, namely;

- MCCP139 Streamlining Market Assurance and Training.

NC noted that there were no Commission Change implemented and no Commission Changes introduced, since the last TP.

NC noted that there were two bulletins issued since the last TP;

- BU097 CMA Office and CS Availability Dec 2013 to Jan 2014 and
- BU098 RF FY 2012/13

And NC also reported that the RF had now run successfully. BS noted that the running of the RF had historically been a complicated and extensive process and the successful and smooth running of the RF for this year was a noteworthy improvement.

NC also noted that one new Guidance Note had been issued since the last TP;

- GN009 Assessment Against MC_OC Principles.

There were no new proposed TP dates.

3. Change Proposals in Progress

MCCP127 –Linking Supply Points with a 3rd Party Reference(s)

JMcL explained that this draft of the proposal now included statements on benefits and objectives and that the principle objective was to ensure that duplicate Supply Points were avoided and that validation would include a check that a 3rd Party Reference was not duplicated on the CMA CS, to achieve this. JMcl also noted that the addition of the 3rd Party References would assist in avoiding ambiguity with Supply Point addresses and, although the proposal did not include this, the use of these references could at some point allow SAA address formats to be considered; further improving Supply Point addresses. JMcl further noted that the 3rd Party Ref data might enable a future consideration of precisely what the definition of 'Customer' ought to be; for example, whether it should be the commercial organisation registered at an address, or the franchisee that is liable for payments at the premises.

JMcL also noted that, following discussions with the CMA, some clarifications to the Indicative User Requirements would be incorporated and the scope of the proposal would be extended to include the loading of 3rd Party References for existing Supply Points, which would be provided from the SAA Project, currently being delivered by the CMA on behalf of the industry. This implied a March 2015 delivery for the proposal at which point, JA noted, some 80% of Supply Points would have been processed by the SAA Project and this would provide a good baseline of References against which the duplication validation check could be made. JA also explained that these matches between 3rd Party References and Supply Points included all such References and Supply Points, the bulk of which would be one-to-one matches. JA also noted that a sub-set of the References and Supply Points included those with a many-to-one, a one-to-many and those for which no match exists, which includes premises with a 3rd Party Ref but no Supply Point and which have then been found to be Gap Sites as well as those Supply Points with no 3rd Party Ref, such as farms.

AG asked what would happen if a duplicate Ref was submitted. JA said that such a transaction would be rejected and it would be a matter for the sender to address the underlying problem. JH asked whether the remaining 20% of Supply Points would be dealt with. JA confirmed that the objectives of the SAA Project were to get as close to 100% coverage as was practical.

JMcL concluded by suggesting that the 3rd Part Refs Working Group should convene to consider how best to review the data that had been established by the SAA Project. JA agreed that the CMA could provide the rules underpinning the basis for the Ref/Supply Point matches, as well as providing some suitable data samples. JMcL also noted that SW would update the MCCP to reflect the above.

The TP unanimously agreed with this course of action.

AP 317. SW to convene the 3rd Party Ref WG to consider the review of the SAA Project Ref/Supply Point matches.

AP318. CMA to provide a paper summarising the rules underpinning the basis for the Ref/Supply Point matches and a data sample of these.

AP319. SW to update MCCP127 to incorporate CMA comments on Indicative URs and the requirement to upload existing matches from the SAA Project.

MCCP136 – Disaggregated Trade Effluent Settlement Report

HB noted that this proposal had now been subject to an Impact Assessment, including a request for impacts from Trading Parties and that this process had included the suggestion that, if a Trading Parties had concerns over the impact of the full proposal, that less extensive options had also been identified. NC confirmed that no concerns had been identified by Trading Parties and, furthermore, that Trading Parties had also been asked to consider a refinement to the original

proposal, whereby the new TE Disagg Report would further disaggregate the TE charges; identifying not just the charge for each Discharge Point, but charges for each chunk of each Discharge Point, in effect identifying any change in the Discharge Point data. NC also noted that the additional cost for this refinement had been identified as being very modest and that the identified benefit was considerably higher than the cost, which had been estimated at just under £27k. HB confirmed that the revised proposal was seeking approval for this refinement to the original, although JH noted that changes to Discharge Point data were unlikely.

The TP unanimously approved this M CCP.

AP320. CMA to submit a Final Report for M CCP136 to the Commission.

4. New Change Proposals

M CCP124 – Integrating POLR onto the Central System

NC presented this proposal, which had been put forward by the CMA. NC explained that the proposal was largely a matter for the CMA, in that it sought to complete the CMA initiative to migrate script and manual based processes onto the CMA CS. However, NC noted that the proposal also included two sets of changes to legal drafting; some refinements to Market Code drafting to better reflect the existing process and a change to the CSD to incorporate the handling of pending transfers as part of the POLR process.

JMcL asked why the change to the Market Code drafting that noted that Supply Point pairs would not be split included a caveat of 'where practical'. NC explained that this was simply to reflect the extremely unlikely possibility that some circumstances might arise where this part of the process might not be practical. HB asked what information would be provided as part of the POLR process and JMcL asked whether the current transaction flows would be maintained. NC confirmed that this proposal was not seeking to change the process, other than incorporating the handling of pending transfers, but by bringing the POLR process onto the CS, the presentation of information would be improved and the current transaction flows were to continue. IW asked whether this processing might be useful for bulk transfers and DW noted the Licence transfer process. NC explained that these were somewhat different, in that there was no allocation to many LPs, as there is for POLR.

Finally, NC noted that this proposal had not been subject to an Impact Assessment, but the CMA had established a cost estimate of £35k, based on CMA modelling and a benefit of in excess of £50k. JA also noted that there were intangible benefits from there being a robust and reliable process in place.

The TP unanimously approved M CCP124, subject to there being no significant cost escalation.

AP321. CMA to submit a Final Report for MCCP124 to the Commission.

MCCP138 – CSD Drafting for the March 2014 Release

NC presented this proposal, which was the routine process for consolidating Market Code and CSD changes previously approved, prior to the deployment of a new CMA CS Release; in this case, the March 2014 Release.

JMcL raised two concerns; some of the drafting in CSD 0104, regarding obligations relating to the registration of Logical Water Meters appeared to have extended beyond that originally drafted in MCCP129 and the obligation on the CMA to provide ftp access had been removed.

NC suggested that the rules relating to Logical Water Meters were simply a matter of identifying adjustment meters and modification meters as Logical Water Meters and it was unclear how this might constitute a significant change from the original proposal. However, NC suggested that the deployment of the Release should proceed and that, if subsequently, SW considered that the CSD and Market Code obligations needed to be further modified, a further proposal could be expedited.

Regarding ftp access, JA noted that this was now being provided on request, given the LVI enhancements which were also due to be deployed in the Release and it was no longer sensible to oblige the CMA to make the ftp available to all Parties, when many would not want such access. However, JA suggested that it might be appropriate to re-instate this obligation, with the above caveat.

The TP unanimously approved MCCP138, subject to the obligation for ftp access to be provided being re-instated, subject to request from a Trading Party.

AP322. CMA to update MCCP138, by re-instating the obligation for ftp access to be provided on request and to submit a Final Report to the Commission.

MCCP142 – Enhanced LVI Access for LPs

SY presented this proposal and explained that the MCCP sought to enable LVI data access to an LP for all Supply Points, to match that which would be available on the MDS Report after the March Release. SY also explained that the LVI would provide history for such data, which would otherwise need to be constructed from the MDS daily snapshots. NC also noted that the Indicative User Requirement in the proposal needed to be slightly refined to match the legal drafting; limiting the enhanced access to market data, thereby excluding access to the settlement and performance charging data, for example.

JH asked for confirmation that the proposal was simply asking for increased data access and EN asked for confirmation that the LVI access being asked for delivered the same data that could be seen on the MDS. NC confirmed this, noting that the

MDS was a daily snapshot, whilst the LVI provided history and was a dynamic interface, updating as transactions were processed.

NC noted that the CMA cost modelling suggested a de-minimis cost of £9k, but no Impact Assessment had been done, although the CMA considered that this was largely a matter of configuration on the LVI and should not incur much development effort. NC also noted that the proposal included a suggested benefit of some £75k to £100k over 5 years. EN suggested that this was an optimistic benefit and JH noted that the avoided costs would depend on what systems LPs had in place. NC also confirmed that, if approved, the proposal could be implemented in the September 2014 Release.

The TP unanimously approved MCCC142, subject to the minor UR amendment and subject to there being no significant cost escalation.

AP323. CMA to update MCCC142 with an amended UR and submit a Final Report to the Commission

MCCC143 – Water & Waste Disaggs

HB presented this proposal and noted that it sought a refinement to the existing Disagg Reports, matching that which had been considered for the proposed new TE Dissag Reports in MCCC136; namely, that the breakdown of the Disaggs for water and sewerage charges should be further disaggregated to show where relevant data items had changed within the particular settlement invoice period.

JMcL asked for clarification as to what was meant by the term ‘parameter’, noting that a parameter change was what triggered a new line entry for the Disagg Report. NC drew attention to the legal drafting changes, which included the specific parameters in question.

NC also noted that CMA cost modelling had suggested a cost of £9k, although no Impact Assessment had been done and NC also noted that the CMA considered that this proposal was likely to involve a similar effort to that envisaged for the refinement to the original proposal in MCCC136, which was of similar order to the CMA cost estimate. NC finally noted that the proposal included a suggested benefit of some £50k and that, if approved, the MCCC could be delivered in the September 2014 Release.

The TP unanimously approved MCCC143, subject to there being no significant cost escalation.

AP324. CMA to submit a final Report for MCCC143 to the Commission.

OCCP046 – Connections Process

JMcL presented this proposal which seeks to incorporate the provision of technical services by SW into the connections processes. JMcL stressed that this did not, in

SW's view, constitute consultancy and JMcl suggested that some further drafting to the pre-ambule may be necessary to support this. JMcl also noted a small number of other drafting changes that may be required.

JH expressed a concern that these additional services did constitute consultancy and might, therefore, be inappropriate in the OC, since SW should compete with others to provide these services to LPs. In particular, JH drew attention to statements in the drafting that there may be a charge for these services. PA suggested that SW have a de-facto monopoly on these services because they hold the connection drawings and so no charge should be levied.

JMcl noted that, currently, the Wholesale Scheme of Charges did not include any direct charge for these services, although some charges for supporting activity, such as a site visit, might need to be levied. DW also noted that it was reasonable for SW to recover costs via charges. BS also noted that the issue of what could be charged for and what those charges might be was not dictated by what appeared in the OC and DW suggested that the generic statement that a charge might be made was consistent with drafting elsewhere in the OC and was a useful statement, alerting Parties to the possibility that a charge might be made.

JH suggested that improvements to customer experience were to be welcomed and if the proposal was purely about improved process to deliver this, then it should be supported. JMcl confirmed that this was the intent of the proposal and that it responded to some high level customer complaints regarding the current process, which did not systematically incorporate the amendment proposed in the OCCP.

KE agreed that the connections process had been problematic and considered that this proposal improved this.

It was agreed that SW would re-issue the OCCP by 2014-03-07 and TP approval would then be sought via e-mail or tele-conference.

AP325. SW to revise and re-issue OCCP046, via the CMA and to seek TP approval

OCCP047 3rd Party Refs

JMcl suggested that this OCCP should be reviewed alongside the further development of M CCP127. This was agreed by the TP.

5. Forward Plans

5.1. CMA Issues and Forward Planning

NC presented the report. NC suggested to the TP that, in line with the agreed position from the December TP, for future meetings, an Issues Report should be provided to the MPF and a Forward Planning Report should be provided to the TP. These reports would together reflect the same information as in the current single

report, although NC suggested that an additional log summarising the status of MCCPs might be a useful addition to the Forward Planning Report. The TP agreed to this change in reporting.

NC also drew attention to the current Release Project, due to deploy in March and noted that with the additional reporting that would be available on the LVI; principally, Settlement and Performance Reporting, there will be new user roles allowing access to these more sensitive areas of the LVI. NC noted that the CMA will issue revised user access pro-formas to allow Trading Parties to identify which of their users may need these new user roles to be assigned to them.

5.2. Draft CMA Budget for 2014/15

JA presented the draft CMA budget and explained that, following an initial consideration by the CMA Board, the CMA was required to allow 20 days for Trading Parties to comment and submission to the TP was the vehicle by which this can be undertaken, as required by the Market Code. Any comments received would then be considered by the CMA Board.

JA noted that the overall budget for the CMA for 2014/15 was approximately £2.5m and this was broadly the figure that had prevailed since market opening in 2008, constituting a 12% reduction in real terms from the 2008/09 figure. JA also noted that the budget had been compiled from a fresh review of requirements, rather than a simple rolling forward of the previous year and the CMA was now increasingly involved in delivering a service to the market, rather than being merely a technical provider, furthermore, there were now 13 participants, rather than 4, as was the case in the early period of the market. Conversely, the CMA had improved its processes and its management of contractors.

JMcL asked what the key IT drivers were. JA said that the CMA had an operating contract, which was a fixed item, subject to indexing with inflation, along with the assumption of two CMS CS Releases per annum, plus a hot fix and there was also a £30k allowance for the CS Re-Build. JA also noted that the IT budget tended not to vary year on year. JA further noted that one variation from previous years was a £30k allowance for the Market Audit to include some elements of the data improvement exercise, as requested by the Commission.

KE noted that the CMA Board had closely scrutinised the draft budget and BS confirmed that the Board was content to commend the plan to Trading Parties.

The TP had no further comments.

5.3. Annual Updates

NC presented this paper for information and explained that the purpose of the paper was to provide the TP with a single document that summarised the various data and information exchanges required prior to the start of the new financial year.

NC also drew attention to the Appendix to the paper which provided a pro-forma e-mail for Trading Parties to use if they wished to opt out of either the Gap Site allocation process or the POLR allocation process, as set out in the Market Code. NC stressed that all LPs would be included in these allocation processes, unless they opted out. JA also clarified that the Gap Site opt out was an opt out from the process whereby a Gap Site is identified, but with no prospective LP. This opt out would not prejudice an LPs ability to identify a Gap Site themselves and to then be registered against the associated Supply Points.

6. Reports

6.1 CMA Business Indicators.

NC presented the Business Indicators Report. There were no issues arising.

6.2 Performance Standards Report.

NC presented the Performance Standards Report.

SY asked if the performance standards information on the LVI was going to be live. NC said that the reports would be updated as soon as the performance standards calculations were done, but that these were only done on a monthly basis. JH asked if a breakdown of the performance data, by Trading Party, was provided to the Commission. JA explained that the involvement of the Commission had been to set the level of charges for performance failures, but that ongoing review had not been envisaged. DW also noted that performance failures were, technically, Market Code and License breaches and the Commission had a number of options for monitoring and reviewing these. JA also noted that there was an annual review, in addition to the regular update.

KE noted that on the R8 measure, there appeared to be a 365% failure rate. JA explained that some failures arise from an absence of a transaction and JMCL noted that there were historic effects arising from data corrections.

NC also noted that the information in this report would be available on the LVI after March, but if it were still required as a paper for review, then perhaps it would be more appropriate as a standing report for the MPF, rather than the TP. The TP agreed that a paper was still required, but that this should be presented at the MPF.

AP325. CMA to move the Performance Standards Report to the MPF Agenda.

6.3 Vacancy Admin Scheme Report.

NC presented the Vacancy Admin Scheme Report. There were no issues arising. NC also noted that the information in this report would be available on the LVI after March, but if it were still required as a paper for review, then perhaps it would be

more appropriate as a standing report for the MPF, rather than the TP. The TP agreed that a paper was still required, but that this should be presented at the MPF.

AP326. CMA to move the Vacancy Admin Report to the MPF Agenda.

7. Any Other Business

NC presented a paper that sought views on the possible Market Enhancement Project to re-draft the CSDs. NC explained that there had been some feedback from new entrants that the CSDs were difficult to understand and follow and drafting to support MCCC changes was becoming more difficult with many of the CSDs. To address these issues, the proposed project envisaged two forms of change; a revision to the CSD framework, with a view to creating a more logical structure to the suite of CSDs and re-drafts of each of the CSDs to improve and standardise the layout and wording. NC stressed that this project would not seek any changes to obligations or process. The suggested approach was to present a revised framework and a pilot CSD to market participants and then to develop the actual suite of CSDs, which would be presented to market participants for review and would, of course be subject to approval by the TP and by the Commission, under the auspices of suitable MCCPs; two of which were envisaged. The suggested timescale had been brought forward from 2015 to 2014.

JH noted that the cost estimates had not included participant costs and JH expressed concern that market participants may not be in a position to undertake such extensive review processes to support the project. HB and JMcl also noted that there were a number of other matters to be dealt with in 2014. DW identified a technical issue that any re-structuring of the suite of CSDs should consider carefully whether it was wise to re-use existing CSD numbering.

JMcl and KE asked which of the CSDs were considered to be more problematic and whether some form of prioritisation for re-drafting could be established. BS suggested that views should be sought as to what market participants considered might be worthwhile changes and that any submission to the CMA Board for Market Enhancement Project funding should build on this. The TP agreed that the CMA should seek views from the TP.

AP327. CMA to seek views from the TP as to what the extent and priority of issues exist with current CSD drafting.

Action Summary

Action	Subject	Update
<i>From the minute of the 38th Meeting (12th December 2013)</i>		
AP308 SW	Draft a statement of objectives for the use of the 3 rd Party Refs.	Completed
AP309 SW/CMA	Develop validation rules for the 3 rd Party Refs to support the achievement of the	Completed

Action	Subject	Update
	objectives for their use.	
AP310 SW	Schedule a 3rd. Party Ref Working Group to consider the above.	Superseded
AP311 CMA	Submit a Final Report for MCCP128 to the Commission	Completed
AP312 CMA	Submit a Final Report for MCCP129 to the Commission	Completed
AP313	Progress an Impact Assessment for MCCP136	Completed
AP314 CMA	Add guidance on measures for assessing a proposal against Market Code Principles, to the MCCP/OCCP Pro-Forma	Completed
AP315 CMA	Ensure that CMA procedures exclude any provision, to an Incoming LP, of the additional information supporting an Outgoing LP transfer cancellation.	Completed
AP316 CMA	Submit a Final Report for MCCP139 to the Commission	Completed
<i>From the minute of the 39th Meeting (20th February 2014)</i>		
AP317 SW	Convene the 3 rd Party Ref WG to consider the review of the SAA Project Ref/Supply Point matches	
AP318 CMA	Provide a paper to the 3 rd Party Ref WG, summarising the rules underpinning the basis for the Ref/Supply Point matches and a data sample of these	
AP319 SW	Update MCCP127 to incorporate CMA comments on Indicative URs and the requirement to upload existing matches from the SAA Project.	
AP320 CMA	Submit a Final Report for MCCP136 to the Commission	
AP321 CMA	Submit a Final Report for MCCP124 to the Commission.	
AP322 CMA	Update MCCP138, by re-instating the obligation for ftp access to be provided on request and to submit a Final Report to the Commission	
AP323 CMA	Update MCCP142 with an amended UR and submit a Final Report to the Commission	
AP324 CMA	Submit a final Report for MCCP143 to the Commission	
AP325 CMA	Move the Performance Standards Report to the MPF Agenda.	
AP326 CMA	Move the Vacancy Admin Report to the MPF Agenda.	

Action	Subject	Update
AP327 CMA	Seek views from the TP as to the extent and priority of issues exist with current CSD drafting	