

**58<sup>th</sup> Technical Panel Meeting  
Approved Minute**

**Present**

Brian Saunders (BS) – CMA (TP Chair)  
Amanda Hancock (AH) – CMA (TP Secretary)  
Jeremy Atkinson (JA) - CMA  
Charles Yates (CY) - Commission  
Andrei Mancini (AMC) - Commission  
Duncan Innes (DI) – Business Stream  
Peter Strain (PS) – Castle  
Belinda Oldfield (BO) – Scottish Water  
Mike Brindle (MB) – United Utilities  
Katy Spackman (KS) – NWG Business  
Ian Grundy (IG) – Pure Utilities  
Paul Connelly (PC) – Blue Business Water  
Alastair Ross (AR) – Commercial Water Solutions  
Liz Roberts (LR) – Aimeria  
Fraser Gourlay (FG) – Earls Gate Water  
Tom May (TMV) - Veolia  
Alan Logan (AL) – Source for Business  
Derek Ellery (DE) – DWF (Part)  
Neil Hemmings (NH) – SWW (Part)  
Andrew Morris (AM) – CMA (Part)

**Apologies**

Lynda McKay (LMcK) - Kelda  
Tony March (TM) – AWBN  
Rich Rankin (RR) - Brightwater

**1. Introductions and Minute**

AH confirmed that no comments had been received on the minute from December 2016 or February 2017. Both minutes were taken as approved.

**2. Actions and Administrative Update**

AH provided an update on the action log, noting that the only two outstanding action remained, AP416 and AP425. JA handed out a summary paper on the Performance Charge Funds and then talked the group through the paper. JA proposed that this paper be added to the Forward Planning Report in Item 5.

MB asked whether a snapshot of cash received to date could be added. JA confirmed that we could provide a historical view, however the CMA would not be in a position to include projections as this would be asking LPs to project their failure levels.

**AP426 CMA to add historical data to the Performance Charge Fund paper and include in Item 5 Forward Planning moving forward.**

CY asked whether the existing pot in the region of £800k was standard. JA advised that this was below the level where the performance funds had peaked. Currently, with the level of spending on the SAA project, there is more money going out than coming in. However, given there is a surplus of available funds, the CMA does not anticipate any risk to the funding of the project.

KS asked if there was a set criteria for enhancement projects, JA advised that there was, and then talked the meeting through the CMA Board defined criteria. AH advised that there had been a paper produced for the TP a few years back, and that this could be re-circulated to the group for information.

**AP427 AH to re issue Market Enhancement Project Criteria to TP members.**

AH noted that AP425 was ongoing.

AH noted that no change proposals had been withdrawn or rejected since the last meeting.

AH noted MCCP209 had been agreed, and that MCCP194, MCCP201, MCCP205, MCCP210, OCCP052 and OCCP053 had all been implemented.

AH noted that Commission Changes MCCP204 CC, MCCP206 CC and MCCP207 CC had been implemented since the last TP meeting. No new Commission Changes had been introduced since the last meeting.

There was one new Bulletin, BU119 – Software Release 4.6 issued on 9<sup>th</sup> March 2017, and no new Guidance Notes issued since the last TP. TP Meeting dates have been added up to and including February 2019.

### **3. Change Proposals in Progress**

There were no change proposals in progress.

### **4. New Change Proposals**

#### **MCCP211 Self Suppliers**

AH introduced this proposal and confirmed that following the application of Earls Gate Water as the Markets first Self Supply Licensed Provider, the CMA had undertaken a review of the Market rules. This proposal looks to propose changes to the Market Data Set and the LVI visibility to restrict self-supply licensed providers access to their own data. FG commented that this seemed like a sensible change and supported the change.

No comments were received. BS asked if the meeting were happy to approve this proposal. The TP unanimously voted to approve this proposal.

**AP428 AH to prepare final report for MCCP211 and forward to WIC for consultation.**

### **MCCP216 – CMA Articles of Association**

AH introduced this proposal and confirmed that the proposal had been put together following a Governance Review, and in response to feedback received from Participants at the December 2016 Technical Panel Meeting. JA then talked through the two-stage process that was required for any changes to the Articles. He confirmed that the first was the approval of this CP by the TP, followed by a Members Meeting to formally ratify any changes.

BS then provided a brief overview of the background behind the governance review given there were a few new members in attendance. AH then handed over to DE to walk through the MCCP and summary note with the group.

DE then talked the group through each of the proposed changes. There was an additional discussion point in relation to voting for LP Director Nomination Meetings and whether there was merit in removing the requirement to attend in person or via telephone when a proxy vote has been submitted. KS suggested postal voting as an option which would allow as many people to vote as possible. DE provided some background on why there had been a stipulation of attendance, but confirmed that this could be removed if that was what the Market wanted. Following discussion, it was agreed that a change should be brought forward to the Market Code to remove the stipulation to attend, but no other changes would be made at this time.

**AP429 CMA to bring forward a change to the next TP meeting to amend the voting rules for LP Director Nominations Meeting.**

DE then opened the meeting for any other comments on the proposal. BO raised an issue around the qualifying majority and whether this needed to change given the vast increase in Licensed Providers. The group agreed that this should be changed, and AH agreed to bring forward a CP to the next meeting with a proposed increase.

**AP430 CMA to bring forward a change to the next TP meeting to amend the qualifying majority as set out in Clause 8.6 of the Market Code.**

BS thanked members for their input, and asked if the meeting was happy to approve this proposal. The TP unanimously voted to approve this proposal.

**AP431 AH to prepare final report for MCCP216 and forward to WIC for consultation.**

BS thanked DE for attending the meeting to talk through the proposal. At this point, DE left the meeting.

**Commission Information Notice on Live Rateable Value**

Neil Hemmings and Andrew Morris joined the meeting.

CY introduced this paper and talked through the background of the move to Live Rateable Value from April 2018. He talked about the need for linearity and transparency for the customer.

MB queried the requirement for linearity and asked whether the Scottish Government would be explicit in holding the Market to this requirement if it proved too complex to implement. KS then queried the thinking behind the view of what the customer was expecting to see, and added that the LPs would be best placed to understand their needs given they owned the relationship. TMV commented that the underlying principles when looking to implement this change needed to be simplicity and transparency.

NH talked the group through their proposal for introducing Live RV, which included the requirement for a two-rate charge, calculating on both the old and new rateable value, then using a proportion of both to derive the charge. Using this methodology would provide for linear cash increases in wholesale charges.

AM then explained that an alternative option to simplify the process would be to look at a combined RV, and added that this option would not provide linear cash increases, but which would reduce the complexity and potential impact on the Central Systems. A correction factor could then be applied to attempt linearity of increases. Another alternative was to simply apply the transition factor to the RV. TMV commented that this seemed like the most straightforward option, and one that could have minimal impact on the Market.

A discussion ensued around the various options, and the interpretation of what was set down in the consultation. KS commented that without access to the analysis on the impact of each of the options, it would be difficult for LPs to conclude on which option was best, both for Customers and the Market. AM stated that the CMA was looking to undertake this analysis and would be happy to sit down with the Market and talk through the various impacts. CY expressed a desire for any changes in Live RV to be implemented by the end of this calendar year. JA stated that the CMA would be mindful of this request, but that this was not something that it could

commit to at this time. Delivery timescales would be dependent on the complexity of the option chosen by the Commission.

BO stated that it would be beneficial to gain some additional insight into the likely impact this would have on Participants. KS stated that it would be difficult to do this in advance of visibility of the impact of each option.

In summarising the discussion, BO agreed to pull together a timeline of events that would be required to ensure the Market could deliver the required changes by April 2018. AH agreed to work with Participants to collate a questionnaire for LPs to complete, giving an insight into the impact each of the three options would have on their organisation.

## **5. Forward Planning Report**

AH presented the report and confirmed that all CMAPx's had been approved, and have been circulated to the group for information. Any feedback would be welcomed. BO commented that SW had some concerns with CMAPx174. BO agreed to provide some feedback offline to CMA. AH advised that if there was any impact on the progression of the CP, it would come back to the next meeting for discussion.

AH also added that the March Release had been successfully delivered and had been removed from the calendar. AH also added that March 2018 had been added and that a placeholder for Live RV would be added.

## **6. Any Other Business**

### **WIC Market Audit**

CY advised the group that there would be some changes to the WIC Audit for the coming year, with the primary focus being on action plans and follow ups from last year's audit. LR enquired as to whether these would be desktop or site visit follow ups. CY commented that this had not yet been determined.

### **WIC Compliance Statements**

CY took the opportunity to thank Participants for their work on the Compliance Statements, commenting that most had been received already, and confirmed he would be following up with the remainder imminently.

### **Vacant Charging**

CY commented that following on from the introduction of vacant charging, he would welcome any feedback from Participants on how this was going. The consensus from the meeting was that it was too early to tell at this stage.

### **New Member Update**

AH advised the meeting that Earls Gate Water were now active in the Market as the first Self Supply Licensed Provider.

There being no further business, BS closed the meeting.

**Action Summary**

<b>Action</b>	<b>Subject</b>	<b>Update</b>
<b><i>From the minute of the 56<sup>th</sup> Meeting (15 December 2016)</i></b>		
<b>AP416</b>	CMA to look at adding a section on the make-up of the CMA Board on its website.	Complete
<b><i>From the minute of the 57<sup>th</sup> Meeting (16<sup>th</sup> February 2017)</i></b>		
<b>AP425</b>	CMA to provide information to the Technical Panel on the funds in the Performance Charge Pot currently ringfenced for Market Enhancement Projects	Complete
<b><i>From the minute of the 58<sup>th</sup> Meeting (20<sup>th</sup> April 2017)</i></b>		
<b>AP426</b>	CMA to add historical data to the Performance Charge Fund paper and include in Item 5 Forward Planning moving forward.	Complete
<b>AP427</b>	AH to re issue Market Enhancement Project Criteria to TP members.	Complete
<b>AP428</b>	AH to prepare final report for M CCP211 and forward to WIC for consultation.	Complete
<b>AP429</b>	CMA to bring forward a change to the next TP meeting to amend the voting rules for LP Director Nominations Meeting.	Ongoing
<b>AP430</b>	CMA to bring forward a change to the next TP meeting to amend the qualifying majority as set out in Clause 8.6 of the Market Code.	Ongoing
<b>AP431</b>	AH to prepare final report for M CCP216 and forward to WIC for consultation.	Complete