

**76th Technical Panel Meeting
Minute**

Present (via conference call)

David Sigsworth (DS)– CMA – (TP Chair)
Amanda Hancock (AH) – CMA (TP Secretary)
Jeremy Atkinson (JA) - CMA
Andrea Mancini (AM) – Water Commission
David Innes (DI) – Water Commission
Fraser Gourlay (FG) – Earls Gate Water
Fiona Matheson – Business Stream
Tony March (TM) – Wave
Robin Donald (RD) – Castle
Alastair Ross (AR) – Commercial Water Solutions
Ian Grundy (IG) – Pure Utilities
Richard Lavery (RL) – Scottish Water
Mike Brindle (MB) – Water Plus Ltd
Steve Williams (SW) – Water Plus Ltd
Tom May (TMV) – Veolia
Rich Rankin (RR) - Brightwater
Ewan Hardy (EH) – Lettermay
Dave Siddall (DSi) – Clear Business Water
Jo Dando (JD) – Smarta Water

Apologies

1. Introductions and Minute

DS welcomed members to the TP. He advised that given the call was via videoconference, AH would lead the meeting rather than handing back and forth. AH asked all participants to put their phones on mute when they were not speaking to reduce any background noise.

AH advised that no comments had been received on the minute, and as such the meeting confirmed the Minute from 20th February 2020 was approved by the meeting.

2. Actions and Administrative Update

RL advised that AP459 had been passed on legal feedback to Scottish Government for consideration and amendment if they deem it appropriate. On that basis RL asked if the action could now be closed off. The meeting agreed that this was now complete. AH advised that all other actions were complete.

AH noted that no proposals had been withdrawn or rejected since the last meeting. AH noted that nine proposals had been agreed. MCCP185, MCCP239, MCCP243, MCCP246, MCCP247 which were implemented with the March Release on 26th

March 2020, and four OCCP's 062, 063, 065 and 066 which were implemented on 31st March 2020.

AH noted that two Commission Changes had been implemented, MCCP244-CC and OCCP064-CC since the last TP Meeting. Three bulletins have been published; BU133 was issued on 14th February in order to change passwords on Participants FTP sites; BU134 was issued on 24th March to provide notice of the Software Release 5.5 and BU135 was issued on 27th March and covered the various Market Code and CSD Derogations as a result of Covid-19. No Guidance notes have been issued since the last meeting.

No new TP dates have been proposed since the last meeting, however AH added that new dates would be put forward at the next meeting for FY21_22.

3. Change Proposals in Progress

AH advised that there were no change proposals in progress at this time.

4. New Change Proposals

MCCP249-CC POLR and GAP Site Opt Outs

AM introduced this proposal and advised that the new drafting would allow Licensed Providers to request a review of their market share if they were aware of any circumstances that would bring it below the 20% threshold to allow them to opt out of the GAP and POLR allocations.

FM asked if there were any plans to implement changes in the other direction, so opting participants into the process if their market share rose above the 20% during any financial year. AM advised that this was not something the Commission was looking into, however there was nothing stopping participants raising a change proposal if they wished to see this change introduced. IG asked if there had been any thought given to what would happen if no LP was above the 20% threshold. This had not been considered to date; however the threshold could be reduced if necessary.

No comments were received in the meeting.

AP499 CMA to prepare updated Market Code for publication.

5. Forward Planning Report

AH noted that there are two new change proposals, CMACPx193 and 195. CMACPx193 is an additional service for SW and has now been delivered. CMACPx195 has been introduced to allow the newly introduced Deregistration

process on a site where there are multiple meters, some of which had been applied in the early phase of operation of the market and should have been discontinued. This CP will correct effective dates on meters that should no longer be active to then allow the correct application of the T015.2 following its introduction in March.

AH advised that CMAPx194 covering the ongoing refresh of the CMA Website design had now been approved.

AH advised that the March Release had now been delivered and thus removed from the Release Calendar.

Following the CMA Bulletin BU135 issued on 27th March AH advised that Q4 performance charges, totalling £147k would not be invoiced, and that all performance charges were suspended until further notice. AH also advised that CMA charges for May and June (£396k) would not be collected, and that all invoices for these charges would be offset against the performance charge monies currently sitting in the performance pot. This totalled £543k in support measures to date, which the CMA hoped would go some way to supporting the Market during this challenging time.

MB thanked the CMA for these measures, noting that they were indeed helpful. He then asked if there was scope to extend this option if necessary. JA advised that whilst it was not out of the realms of possibility, the focus at the moment was looking at wholesale charges payable by participants, and what measures could be introduced to provide some temporary relief.

6. Commission Update

Market Review

AM advised that the Commission was currently finalising their determination and that he hoped it would be issued in the next week or two. In summary the draft determination would be issued, and then Participants would be given 3-4 weeks to respond. Once any responses had been considered, the Commission would look to publish its final Determination in June, with the relevant policy changes taking effect from October 2020.

MB noted that responses may prove difficult given the timescales and with everything else going on at the moment with Covid-19.

Covid-19 Update

AM expressed his understanding of the difficulties being faced by Participants and had noted some emerging themes following the Commissions most recent Requests for Information. These included area's such as:

- Difficulty contacting customers due to businesses being closed;
- Lack of symmetry between Scottish and English Markets; and
- Lack of engagement from customers prior to cancellation of DD payments.

AM advised that the Commission was working with the Scottish Government to ascertain how to get settlement to accurately reflect current consumption. He hoped to be in a position to provide an update in the next week on progress being made.

TM asked when the extent of these discussions would become transparent to the Market. AM advised that they were currently in the analysis phase of discussions and as soon as a clear way forward was established, this would be shared with the Market. MB advised that WPL experience showed a number of their customers were not picking up the phone and simply cancelling direct debits, and in fact their current rate of cancellations had increased by 4,000%. TM added that Wave is also seeing this trend. FM added that SWBS has seen a massive spike in cancellation of direct debits with little or no engagement, as well as a significant increase in customer requests to set premises to vacant. AM noted that the Commission was aware of these issues as some LPs have already advised them, but at this stage they are unsure if this is widespread.

MB also noted that a number of their customers who span both Scotland and England had expressed frustration at the lack of alignment in support measures. FM echoed this noting that the level of customer confusion was increasing as cross border customers were making assumptions that the measures in place in England would be replicated in Scotland and failed to understand why this was not happening.

AR asked AM if he could provide more transparency on what measures the Commission was reviewing, and what date they were working to provide this to the Market. AM advised they are working as quickly as possible, but that they could not share anything at this stage.

IG asked whether the Commission had given thought to backdating any agreed measures to align with England. AM advised that they had been engaging with Ofwat and were considering this as part of their defined approach.

TM asked if the extent of this engagement involved sharing of information on the process and lessons learned to date. AM advised that it was mostly anecdotal at this stage. MB stated that in his view the Market needed relief beyond the current measure of deferment of wholesale charges, and an awareness of the current picture on the ground was necessary. He further stated that long term debt was going to be a significant issue, and consideration should be given to where that burden fell, and whether it should be shared across the whole market, and not just with Licensed Providers.

AM took an opportunity to expand on the debt discussion. MB noted that Ofwat had asked Retailers to provide detailed information on what money was coming in to demonstrate the significant reduction in revenue, stated that it would be difficult to project how and when this would change. AM noted that there is currently an allowance in the retail tariff's for bad debt. MB noted that this is only where you use the default tariff, which many do not. MB further noted that this allowance was

for “normal” levels of bad debt under normal times, and these were most definitely not “normal” times.

No other discussion points were raised in the meeting.

7. Any Other Business

CMA Budget

AH advised that there had been no comments received by the Market and that the CMA Budget had now been ratified at the March CMA Board meeting.

CMA Board

DS advised the meeting that Brian Wilson had stepped down as a Non-Executive Director on the CMA Board, and that Dr Janet Brown had taken up the newly vacated roll on 1st April 2020.

DS noted that Janet’s background was in the semi-conductor industry. In recent years, she has undertaken the role of Managing Director of the Industries division of Scottish Enterprise, and most recently the Chief Executive of The Scottish Qualifications Authority. DS added that she is excited to be joining the Water Industry and would like to come along to a TP meeting later in the year to meet with Trading Parties.

There being no further business, DS closed the meeting.

Action Summary

Action	Subject	Update
<i>From the minute of the 64th Meeting (26th April 2018)</i>		
AP459	WIC / SW looking at legal issues associated with the terminology.	Complete
<i>From the minute of the 75th Meeting (20 February 2020)</i>		
AP493	CMA to prepare Final Report and forward OCCP067 and supporting documentation to WIC for consultation.	Complete
AP494	CMA to prepare Final Report and forward M CCP246 and supporting documentation to WIC for consultation.	Complete
AP495	Market Participants to provide any feedback on the layout of reports on the LVI or other LVI issues to the CMA by the 27 th March 2020.	Complete
AP496	Market Participants to provide any feedback on the Performance Measure Review to the CMA by the 20 th March 2020.	Complete
AP497	WICs to provide communication to LPs in relation to timescales for aspects of the Determination in relation to Pre-payment.	Complete
AP498	SW to forward updated OCCP063 to CMA for offline approval and then submission to WICs	Complete

Action	Subject	Update
	for consultation.	
<i>From the minute of the 76th Meeting (23 April 2020)</i>		
AP499	CMA to prepared updated Market Code in relation to MCCP249-CC for publication.	