

**81st Technical Panel Meeting
Minute for Approval**

Present (via conference call)

David Sigsworth (DS) – CMA – (TP Chair)
Amanda Hancock (AH) – CMA (TP Secretary)
Jeremy Atkinson (JA) - CMA
Ian Grundy (IG) – Pure Utilities
Tony March (TM) - Wave
Ewan Hardy (EH) – Lettermay
Robin Donald (RD) – Castle
Fraser Gourlay (FG) – Earls Gate Water
Alastair Ross (AR) – Commercial Water Solutions
Fiona Matheson (FM) - SWBS
Steve Williams (SW) – Water Plus Ltd
Richard Lavery (RL) – Scottish Water
Sarah Scott (SS) – Veolia
Cosmin Diaconita (CD) - WICS

Apologies

Fallon Wilkinson (FW) – Water Plus Ltd
David Innes (DI) – Water Commission
Catriona Blair (CB) – Veolia

1. Introductions and Minute

DS welcomed members to the TP, then handed over to AH to take participants through the meeting.

AH advised that no comments had been received on the minute, and there were no comments received in the meeting. The minute from 10 December 2020 was approved by the meeting.

2. Actions and Administrative Update

AH advised that there had been two actions outstanding from the last meeting. AP511 was now closed as the MPF Terms of Reference is tabled under Agenda Item 7 at this meeting, and AP512 where WICS was asked to confirm likely implementation date for their policy change on the removal of customer prepayment. CD confirmed that the policy is due to be implemented on 1st April 2021 as previously noted in its consultation document. FM asked whether this was in relation to customer prepayment or wholesaler prepayment as DI had indicated at the December TP that LPs would be given at least 3 months' notice of any change in policy to allow them to engage with their customers and update their billing systems accordingly. CD advised that his understanding was that it was in relation to customer prepayment but took an action to confirm offline. AH would leave the AP ongoing.

NB WICS confirmed offline that the Policy on the removal of customer prepayments would be implemented from 1st April 2021.

DS suggested more generally that the meeting may have benefitted from a written response on this topic given its importance. It was agreed that in future, owners of actions should provide an update to the TP Secretary in advance of meetings.

AH noted that there were no proposals withdrawn or rejected since the last meeting. No proposals had been agreed or implemented since the last meeting, and there were no new Commission changes introduced since the last meeting.

AH noted two new bulletins had been issued since the last meeting. BU141, was published on the 17th of December setting out the CMA office and Central Systems availability over the festive period, and BU142 was published on 3rd February and reminded participants of the impending deadline for data submissions to be included in the RF settlement run for 2019/20. No Guidance notes have been issued since the last meeting.

No changes were made to the TP dates, however AH advised that future dates would be provided at the next meeting.

3. Change Proposals in Progress

AH noted that there were no change proposals currently in progress.

4. New Change Proposals

4.1 MCCP258 March 2021 CSD Drafting

AH confirmed that this was the standard release proposal that consolidated the drafting for all change proposals being delivered in the March Release, along with any minor refinements not already captured under previously approved changes. AH advised that the only significant change to the drafting is in relation to MCCP256 TTRAN SPID. The original CP showed that the changes being implemented to the TTRAN process were being undertaken at a SPID level, whereas they will be implemented at a core level due to current rules for PPDISC. AH further confirmed that as this does not meet with SW's original requirements, we will look to implement changes to both the TTRAN and PPDISC process in September to be at a SPID rather than core level.

No comments were received by the meeting, and the proposal was approved by the meeting.

AP513 CMA to forward MCCP258 and Final Report to WICS for consultation.

5. Forward Planning Report

AH highlighted that there was nothing of significance to highlight in the report, but if anyone has any questions, these could be raised today, or via email offline.

AH provided some detail on CMACP296 Technology Refresh, noting that there were two fundamental elements to the project. Firstly, the restructuring of the database, and secondly ensuring it is cloud ready. CMA has also provided a cover note in addition to the CP to provide some additional detail as requested by the TP previously, highlighting some output from the Proof of Concept that had been undertaken.

AH noted that the increased benefits far exceeded our expectations, highlighting that the CMA had hoped transaction processing would increase by a factor of 10, when in reality it was up to 100 times faster, which will have a significant positive impact on LVI users. System lag during period of large batch transaction processing is likely to be negligible following the completion of the project. AH further noted that the proof of concept allowed the CMA the opportunity to demonstrate our ability to switch between the cloud and local infrastructure, which will allow us to optimise our hosting, and provide the ability to move / increase our environments if a sudden requirement for additional capacity was necessary without any technical constraints. On completion of the project, the CMA's internal analytics will be vastly improved, along with improved security to address risks raised initially during the ATOS review of CMA's infrastructure.

AH finally added that with the significantly decreased costs for the project coming down from £1.5-£2m to under £1m (which includes 5% contingency) the CMA Board had signed off on the project and were extremely enthusiastic about the benefits the project will deliver to the Market.

IG asked what the projected longevity of the system would be. JA noted that the current system was a good indication of how long a system can last, and that longevity may be extended given the ability to switch between local and cloud infrastructure. JA added that he would not expect the CMA to be undertaking a similar exercise to replace the new system for at least five years, but probably well beyond that.

AH also confirmed that the transition between the old and new systems would be seamless to Participants.

FM welcomed the project and agreed it would bring great benefit to the Market.

JA offered to take any questions on the papers as there was quite a bit of technical detail either in the meeting or offline afterwards. IG asked whether there would need to be improvements to the current system security if the technology refresh was not going ahead. JA noted the CMA undertake rigorous testing as part of the standard releases, and the most recent test results were very good. He added that the key additional security benefits of the technology refresh would come through

encryption of data. Currently this is done when the data is in transit, whereas the data will also be encrypted at rest. In principle, if we were not planning to do the technology refresh, we could look to do the additional encryption to enhance security.

RL thanked the CMA for the additional cover note, which helped explain the benefits of the project in less technical terms. He asked whether there were any additional user benefits the new systems would bring, thinking specifically about the bitemporal nature of the new infrastructure and whether it would help with things like crystallisation. JA noted that the bitemporal database was more about how you view data rather than the ability to manipulate data. As an example, you could run a settlement run for July 2020 now, which would include any subsequent data changes since then, or you could run it on the basis of what the data was in July last year.

SW from WPL added their support for the project and confirmed WPL would be happy to be involved in any testing. SW asked whether a roll back plan had been formulated yet in the event the transition was not successful. JA noted that the plan had not been formulated yet, but this would be picked up as part of the project delivery. Also, JA noted that as part of the transition, there would be a period of parallel running, which would make the facilitation of any roll back easier and seamless.

DS wrapped up the discussion thanking members of the TP for their input and advised that he would relay the meetings endorsement of the project back to the CMA Board.

6. CMA Budget

AH set out the high-level steps taken to ratify the CMA Budget for the newer members in the meeting who were unfamiliar with the process. AH confirmed that the draft budget is tabled at the January CMA Board meeting to be agreed. The budget is then presented to the Technical Panel, who have 20 business days to provide any comments and / or observations on the budget. The draft budget and any comments received by the TP are then passed to the March CMA Board where the Board then ratify the budget. AH confirmed that the deadline for comments from the TP was the 11th March.

AH then highlighted the proposed budget was the lowest in nominal terms in 12 years. There was a recognition by the Board of the current climate, and every effort has been made to keep costs down. AH advised some savings had been achieved in consolidation of the offices and also restructuring of roles internally, with two outgoing members of staff not being replaced. Audit costs continue to be lower given they are being undertaken in house.

AH further noted the budget was set on the basis of two core releases and one hot fix. As mentioned previously, the technology refresh is being funded via the performance funds and therefore sits out with the budget.

TM took the opportunity to reaffirm the Board's view that it was pleased to see the budget and recognised the CMA's effort to keep costs down where possible.

7. MPF Terms of Reference

DS opened discussions on this topic setting out that the key driver is to better understand the purpose of the group and establish how it can be better utilised. JA added that it would be beneficial to see the MPF utilised as a forum for promoting the principles of Ethical Business Regulation, for example when a change is being delivered to use the forum to encourage open discussion on the change and the potential impact on participants and the wider Market.

IG asked whether the proposal was for all papers for the Technical Panel first having to go through the MPF, and secondly whether this would mean that no items could be raised as AOB as a formal paper would need to be submitted. TM commented that his understanding was that MCCPs should be tabled first at the MPF to gauge the view of other Market Participants prior to submission to the TP.

JA stated that the MPF was originally created as papers were coming into the TP which had yet to be fully formed. The MPF was created as a forum for discussion of proposals and only once they were fully formed would they be tabled at the TP. JA also added that more recently, papers were being submitted on the deadline for submission of papers, giving participants very little time to review any potential changes. Historically, these may have been circulated weeks in advance to allow participants time to review and for the owner of the proposal to seek input / feedback from the Market.

TM asked whether the CMA could be a stronger gateway to ensure proposals go through the MPF in the first instance. JA noted that this could be done in part, however there was nothing to stop a participant completing a fully formed proposal without seeking input from other parties. AR added that perhaps the MPF needed to take a more prominent role in agreeing when something is ready to go to the TP. Perhaps something as simple as switching the order of the meetings may help.

AH noted that a Stakeholder Working Group had been set up following an Industry round table event held by WICS in December to look at the WCD Scheme and also future proofing the Market. AH noted that part of that discussion centred around the establishment of a new Senior Stakeholder Forum to take a more strategic view of the Market and policy, driving a roadmap for the Market over the next 3-5 years. How the MPF engages with this new forum is key, both to ensure there is no duplication of effort, but more fundamentally to support the implementation of any key deliverables. DS suggested this feedback be taken to the group for consideration as they develop their Terms of Reference.

DS added that the engagement of CAS in the wider discussions has had a positive impact on market discussions, and Gail Walker specifically has provided a good insight into the Ethical Business Practices that the market is striving to achieve.

In conclusion, DS summarised the discussions and noted that there were some key actions to take forward. JA stated that there needs to be clarification on the current roles of both the TP and MPF, and an allowance for a potential extension of the roles and a re-prioritisation of the MPF.

8. Commission Update

CD was unclear on what was required for this update and asked to take this away and advise offline. AH provided an overview of what was outstanding and what feedback the meeting was hoping to receive. The first was in relation to the WCDS, given the current scheme was due to end in just over a week, the Market was keen to understand whether there was likely to be an extension or whether the scheme will end as currently timetabled. The second item was an update on the wider Market Review. DS noted his disappointment that WICS had not been prepared with a more comprehensive briefing, and that its contribution to these meetings was key.

CD stated that WICS had been engaged with the newly created working group, and WICS has been positively impressed with the work done to date, and whilst it believes there are some details still to be ironed out, there is a strong basis for proposals to move forward with. CD commented this has been a good demonstration of EBP working in the Market.

TM asked when WICS are likely to publish a response to the most recent consultation. CD advised that they had now received the response of the working group and would consider these along with individual LP responses. As soon as they have done this, they will publish their response.

DS asked whether the Market was provided with insight into consultation responses, especially when the market was operating in an Ethical Framework. DS noted his understanding in other markets, and indeed in any Scottish Government consultations, except for any confidential or market sensitive information in a response that they were published for the wider Market to see. DS asked CD to confirm WICS perspective from a regulatory view on publishing these responses, and whether responses to the most recent consultations could be shared. IG added that CAS had stated in the working group that it was supportive of these being published as it was in line with EBR and in an open and transparent Market. FM added that consultation responses are published by Ofwat and MOSL.

AP514 WICS to provide a regulatory view on publishing consultation response (in full rather than a summary), and whether they could provide these to the Market for the last few consultations as well as moving forward.

9. Any Other Business

No AOB had been raised, and there was none raised in the meeting.

There being no further business, DS closed the meeting.

Action Summary

Action	Subject	Update
<i>From the minute of the 80th Meeting (10 December 2020)</i>		
AP512	WICS to advise on their thinking for the implementation date for changes to customer pre-payment.	WICS has confirmed the date will be 1 st April 2021
<i>From the minute of the 81st Meeting (18 February 2021)</i>		
AP513	CMA to forward MCCP258 and Final Report to WICS for consultation.	
AP514	WICS to provide a regulatory view on publishing consultation response (in full rather than a summary), and whether they could provide these to the Market for the last few consultations as well as moving forward.	