
Wholesale-Retail Code Change Proposal – Ref CPW036

Modification proposal	Wholesale-Retail Code Change Proposal – G/02 & G/03 Trade Effluent Form Amendments and Creation
Decision	The Authority has decided to approve this code modification
Publication date	26 June 2018
Implementation date	28 September 2018

Background

Trade effluent is any wastewater, excluding domestic sewerage, surface water and roof drainage. Trade effluent is typically discharged by non-domestic premises. If a party was to discharge trade effluent, they would need to apply for trade effluent consent from the wholesaler.

Those who wish to discharge trade effluent must apply for consent by filling out a G/02 form. A party would fill in a G/02 form to apply for either consent for Trade Effluent discharge into a Wholesaler’s Sewerage system or to apply for a modification to an existing Consent. The form is either filled out by the Retailer on behalf of its non-household customers or the non-household customer itself.

Although all Wholesalers discharge trade effluent, they have inconsistent approaches to how they currently deal with temporary (less than or equal to six months) consent applications. Currently, how applications for temporary consents are dealt with are subject to Wholesaler interpretation.

Since market opening, the number of applications submitted for temporary trade effluent discharge has reduced significantly. According to the Trade Effluent Issues Committee (TEIC), there has been an average reduction of 60% for temporary trade effluent applications across five Wholesalers.

The issues

Illegal discharge

The Panel has highlighted that the large reduction in applications could indicate that a number of non-household customers are illegally discharging trade effluent. An increase in illegal trade effluent discharge would increase a Wholesaler's compliance risk and could have significant impacts on public health and the environment.

Structure and complexity of forms.

Trading Parties provided feedback to TEIC. They identified the current forms as overly complex. Also, they claim that the forms perform a poor job of guiding users in submitting the required information.

Redundant information included on G/02 Form.

The TEIC held discussions which highlighted differing views between Wholesalers on the minimum information required to approve trade effluent consent applications. A number of Wholesalers identified large sections of the current G/02 form as not being required.

An outdated list of substances in the application

There are administration and resource burdens on a number of parties to develop and implement the constantly changing list of hazardous substances. The Environment Agency (EA) lists hazardous substances on its website. The EA updates the list of substances on an ad hoc basis. The G/02 form contains *Annex 1: Schedule of substances to be discharged/stored on site*, which includes a list of hazardous substances derived from the EA list.

In order for Trading Parties to stay compliant, a code change must be raised each time the hazardous substance list is updated.

Discharge points for temporary consents

Wholesaler members of the TEIC highlighted the administrative burdens and costs for setting up discharge points for temporary consents that are not billed in Central Market Operating System (CMOS) or are only valid for a short period of time.

Members are also not consistent in their approach to following the market codes related to temporary consents. Trading Parties have a number of different approaches to the issue.

The modification proposal¹

The Panel has recommended the following changes to address the issues detailed above:

- Introduce a shorter and more appropriate form, G/03, for use with temporary (less than or equal to 6 months) trade effluent consent applications;
- Simplifying the G/02 form;
- Removing the obligation on wholesalers to create Discharge Point Identification for temporary consents within the CMOS, if Supply Point Identification already exists. Charges related to temporary consents will be billed as non-primary charges; and
- Replacing *Annex 1: Schedule of substances to be discharged/stored on site* from form G/02 with a link to the most up-to-date list of substances managed by the Panel and published by MOSL.

Industry consultation and assessment

A consultation for CPW036 was issued on 22 March 2018 and lasted for thirteen working days. There were fourteen responses; nine Wholesalers and five Retailers. The vast majority of responses were in favour of the proposed changes.

For the proposed G/02 amendments, all but one Trading Party agreed. The disagreeing Trading Party, South West Water, stated that it agreed with most amendments but disagreed with the practice by other Wholesalers of terminating consent rather than discontinuing. The revised version of G/02 makes provisions for discontinuation of consent.

All parties agreed that there should be separate forms for short (less than or equal to six months) and longer-term Trade Effluent Consent applications. Only two parties disagreed with the proposed solution; Yorkshire Water, who argue that the proposed changes do not reflect the necessary requirements, and Welsh Water who did not provide an explanation.

All Trading Parties agreed that the proposed amendments for G/02 and G/03 would benefit Non-household customers and the benefits would outweigh any costs of implementation and operation.

¹ The proposal and accompanying documentation is available on the MOSL website at <https://www.mosl.co.uk/market-codes/change#scroll-track-a-change>

There is general agreement between trading parties that implementing the changes would have a limited impact on Trading Parties' operations and processes. Two out of the 14 Trading Parties stated that they would need longer than the suggested timeframe to implement the changes for G/02. This increased to five out of the 14 respondents for G/03.

It should also be noted that the EA has been represented during the drafting of the change proposal. A member of the EA is also on the TEIC.

Panel recommendation

At the Panel meeting on 29 May 2018, the Panel determined, by unanimous decision, to recommend CPW036 to the Authority for implementation on 28 September 2018. The Panel agreed with the TEIC's view that the proposed change will further Objectives and Principles of the Wholesale Retail Code.

Our decision

We have carefully considered the issues raised by the modification proposal and the supporting documentation provided in the Panel's recommendation report. We have concluded that the implementation of CPW036 will better facilitate the Principles and Objectives of the Wholesale Retail Code, detailed in Schedule 1 Part 1 Objectives, Principles and Definitions and is consistent with our statutory duties.

Reasons for our decision

Below, we set out our views on which of the applicable Code Principles are better facilitated by implementing this code modification.

Efficiency

The proposed change would remove the need for a party to raise a Change Proposal each time the list of hazardous substances is updated. This will reduce the workload of a number of parties including the Panel and the Authority.

The modification would make G/02 easier to understand, thereby decreasing the number of rejections and interactions needed between customers and Trading Parties to obtain the relevant and required information.

Having a separate form, G/03, will also reduce the administrative burden on Wholesalers, Retailers, and Non-household customers.

Simplicity, Cost-effectiveness and Security

Following implementation, we would expect less illegal discharges to occur. The simplified approach for applying for consent would incentivise more customers to fill out forms correctly. Also, any redundant wording has been removed and additional information reduced.

Seamless Markets

The proposed change will ensure that all Wholesalers process trade effluent consent applications in a consistent manner and the process will also mirror that which happens in the Scottish water market.

Decision notice

In accordance with paragraph 7.2.8 of the Market Arrangements Code, Ofwat approves this change proposal.

Emma Kelso

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