
Wholesale Retail Code Change Proposal – Ref CPW047

Modification proposal	Wholesale Retail Code Change Proposal – CPW047 – Enabling Sewerage Wholesalers to create & manage meter networks
Decision	The Authority has decided to approve this Change Proposal
Publication date	24 January 2019
Implementation date	26 July 2019

Background

The Central Market Operating System (CMOS) has the functionality to create and manage meter networks. Meter networks in this instance are defined as a system involving two or more Supply Points with separate meters that are interdependent for the purpose of obtaining meter volume through subtractions.

A meter network will typically have a main meter with sub meters branching off, creating the network. The meter network in CMOS can easily and accurately calculate consumption between meters within its network, and this method is commonly used by sewerage Wholesalers when calculating chargeable volumes on sub meters.

Private water meters, whether forming part of a meter network or not, have no effect on water Wholesale Charges. They are however often utilised by sewerage Wholesalers when measuring trade effluent volumes.

The issue

The market codes state meter networks can only be created in CMOS by the owner of the main meter, which will always be the water Wholesaler. This means that it is impossible for a sewerage Wholesaler to create its own meter network. Therefore, in order for a sewerage Wholesaler to have a meter network created, it is required to

contact the water Wholesaler who owns the main meter, and request for a meter network to be built via a T136.W transaction.

There are a number of issues with this current process, one being that water Wholesalers do not typically prioritise creating meter networks for sewerage Wholesalers, as the introduction of a network holds no benefits to its own CMOS charging data. Furthermore, often when creating meter networks water Wholesalers come across errors, and a lack of clarity regarding how the network should be setup often results in tasks like these being deprioritised. This delay also has a negative effect on Trading Parties in terms of procuring accurate settlement calculations in a timely manner.

As the process for creating or modifying a meter network can be long and drawn out, Trading Parties often use a workaround which involves using the Return to Sewer (RTS) functionality in CMOS. However, this workaround results in amendments having to be made to the RTS value once the Retailer has submitted readings into CMOS, which can be as often as every 6 months. This has a negative impact on the customer experience and journey, as inaccurate data can lead to the customer being billed incorrectly.

The modification proposal¹

In order to allow sewerage Wholesalers to create and maintain meter networks, it is proposed that several changes are made to the following Code Subsidiary Documents (CSD):

CSD 0104: Maintain SPID Data

- 1) Wholesaler removes meter – outlining the process steps that should be taken when a meter is to be removed which is associated with a trade effluent Discharge Point(s) at the Supply Point. Here, it will be the responsibility of the sewerage Wholesaler to terminate all such associations in accordance with CSD 0206 prior to the final reading being submitted for the meter removal.
- 2) Add/Remove Meter Network – amending the CSD to reflect that the Wholesaler who is associated with the sub meter is responsible for configuring and removing the meter network. The notification that is sent will now be sent to all Wholesalers and all Retailers (including incoming

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>

Retailer(s)) for the Supply Points associated with the main meter and the sub meter.

CSD 0206: Trade Effluent Processes

- 1) Notification of a new Discharge Point – under the sewerage volume adjustment method, a correction is to be made to the text outlining domestic allowance, to state the annual volume of water services in relation to water meters associated with a Discharge Point that is being used for domestic purposes and is not discharged as trade effluent services.
- 2) Submit Meter Readings – amendments to the Trading Parties that will be notified by the Market Operator once it has accepted the T136.W

CSD 0301: Data Catalogue

Amendment to the transactions T136.W which states that it must be submitted by the Wholesaler which owns the sub meter, and T136.M to modify the list of recipients who will receive the notification.

Industry consultation and assessment

A Request for Information was issued by the Panel on 17 September 2018 and closed on 1 October 2018. There were a total of 16 respondents, nine Wholesalers and seven Retailers.

Out of the respondents, six Wholesalers and seven Retailers agreed with the proposed solution. One Wholesaler stated it had experienced issues when attempting to create meter networks in its area, and therefore felt the proposed solution would now allow it to set up meter networks and resolve queries efficiently. Three Wholesalers disagreed with the solution, with one stating it felt the proposed solution potentially increased the risk of water Wholesalers incurring Market Performance Standard (MPS) charges, in instances where a meter exchange was entered into CMOS outside of the time constraints set out in the market codes. The Trade Effluent Issues Committee (TEIC) acknowledged this concern, and stated that sewerage Wholesalers required accurate metering details and readings in order to carry out volume estimation, therefore it was also in the best interests of sewerage Wholesalers to assist water Wholesalers in promptly submitting this data to CMOS.

When asked about the proposed red line changes, seven Retailers and five Wholesalers agreed, with two Retailers believing the red line changes were well drafted and met the requirements outlined within the change proposal. Four

Wholesalers disagreed, one suggesting there were inconsistencies for notifications between CSD0104 and CSD0301.

All Trading Parties stated that the implementation of this proposal would have minimal to no impact on the existing systems and business processes. Four Trading Parties stated there would be no implementation or operation costs, while a further 11 expected costs to be minimal. One Wholesaler provided an estimation for the costs of implementation to be in the region of £5,000, while another between £5,000 and £10,000, citing new logic and rules that it would be required to incorporate into its system to allow for the amended transactions. The majority of Trading Parties believe that the benefits of greater efficiency, improved customer journey and business processes would outweigh the costs of the change. One Wholesaler believed that the change would provide savings in terms of resources for both water and sewerage Wholesalers.

Seven Retailers and seven Wholesalers agreed that the proposed changes better facilitated the objectives and principles of the Wholesale Retail Code. One Wholesaler referred to efficiency, and how the change will ensure less time is wasted between water and sewerage Wholesalers in setting up meter networks. Two Wholesalers disagreed, both stating they felt the change did not facilitate the objectives and principles of the Wholesale Retail Code as it may not affect the market proportionately.

When asked about the implantation date of the 8 November 2019, seven Retailers and six Wholesalers agreed, with the majority asking for it to be implemented earlier. One Wholesaler explained it would require at least two months' notice in order to implement this change, while another Retailer thought it was a long time to wait for a change that would deliver benefits to the market. Three Wholesalers disagreed with the proposed date, with two suggesting it should be implemented sooner.

A further consultation was then carried out regarding accelerating the implementation of CPW047. A total of nine responses were received, six Wholesalers and three Retailers. When asked what impact the implementation would have on the development and testing of systems and workflows, if it was to be standalone release in the summer of 2019, five trading parties confirmed it would have no impact to minimal/low impact. Three Wholesalers and one Retailer envisaged it would have some impact, with one Wholesaler stating it would require considerable costs and effort due to it not being envisioned for this financial year.

When asked how long was needed to implement this change if Ofwat were to approve this proposal, Trading Parties provided varied responses. The majority believed it could be achieved within four weeks, while four Wholesalers estimated it could take four weeks or more. The longest timeframe provided was from two

Wholesalers, who stated they would require at least three months to implement the changes.

Panel recommendation

The Panel considered this change proposal at its meeting on 27 November 2018. It recommended, by a unanimous decision, that the Authority approve this proposal on the basis of improving the principles of efficiency, proportionality, transparency, simplicity, cost-effectiveness and security, non-discriminatory and the market terms. We have decided that the date of implementation is 26 July 2019.

Our decision

We have considered the issues raised by the modification proposal and the supporting documentation provided in the Panel's Final Report. We have concluded that the implementation of CPW047 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

We set out below our views on which of the applicable Code principles are better facilitated by the modification proposal.

Efficiency

The proposed changes will enable sewerage Wholesalers to create and maintain meter networks on CMOS, which will mean they are no longer reliant on water Wholesalers to complete requests, which will save time and resource. It will also deliver a greater efficiency in improving the customer journey and customer experience by avoiding unnecessary delays

Proportionality

The issues created by sewerage Wholesalers having to wait for meter networks to be created has a knock on effect for the rest of the market. This change will reduce the unnecessary contact between Wholesalers and generally improve the market experience.

Transparency

Clarification is provided in terms of responsibility/accountability of creating and maintaining meter networks, and the processes in place.

Simplicity, cost-effectiveness and security

The change will streamline the process of setting up a meter network, and ensure a standard approach which brings clarity and usability to Wholesalers.

Non-discrimination

Sewerage Wholesalers will now be provided with the ability to create their own meter networks, instead of being dependant on another trading party.

Market terms

The change will improve settlement calculations, and the efficiency of creating meter networks. The more accurate settlement calculations will also mean customers will receive more accurate bills.

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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