

## Wholesale Retail Code Change Proposal – Ref CPW077

<b>Modification proposal</b>	Wholesale Retail Code Change Proposal – CPW077: Establishing Trade Effluent charging strength methodology
<b>Decision</b>	The Authority has decided to approve this Change Proposal
<b>Publication date</b>	30 April 2020
<b>Implementation date</b>	6 November 2020

### Background

Often to determine charges for Trade Effluent Wholesalers collect and analyse samples of Trade Effluent and apply charging strength methodologies.

The Central Market Operating System (**CMOS**) does not currently provide any visibility of Trade Effluent charging strength methodologies. Where Retailers require the Trade Effluent charging strength methodology, they are currently required to use a bilateral form (G/01 (Trade Effluent Enquiries) Form) in CMOS to contact Wholesalers to request this.

The current process for obtaining charging strength methodologies can result in delays in Retailers responding to customer enquiries. It currently takes up to 10 Business Days for a Wholesaler to respond to a G/01 Form. The Proposer suggests that use of the form creates low value bilateral communications between Retailers and Wholesalers.

### The modification proposal

In order to reduce the need for low value bilateral communications between Retailers and Wholesalers relating to charging strength methodologies, it is proposed that a new Data Item is introduced – D6036 (charging strength methodology). It is intended that this Data Item will contain the Trade Effluent charging strength methodologies that are used by Wholesalers. Inclusion of the new Data Item will result in amendments to the following transactions:

- T121.W – Submit DPID
- T122.W / TCORR122.W – Update Trade Effluent Operating Data; and
- T121.M and T122.M/TCORR122.M (Notifications).

The Change Proposal would introduce a requirement for Wholesalers to populate existing Discharge Point IDs within six months of implementation<sup>1</sup>. It is not currently proposed that there will be a financial penalty on Wholesalers if they fail to update the Data Item. The Trade Effluent Issues Committee (**TEIC**) stated that the expectation is for the Data Item to be updated in CMOS as part of the business as usual process for updating the charging strength for DIPDs. As the addition of the Data Item is focussed on customer experience, the TEIC did not consider that failure to update the Data Item would cause systemic market dysfunction or cause the same issues as, for example, a failure to update meter reading data. It stated that Retailers are able to use the G/01 Form to raise concerns if they identify issues of missing data. The Market Operator does however intend to do a broad review of missing Data Items and could review the quality of the data included in this Data Item if this becomes a market issue.

It is proposed that a requirement will be placed on the Market Operator to review whether the Data Item values reflect actual industry methodologies should there be a request in writing from a Trading Party for it to do so.

In addition to the above, that the Market Dataset Discharge Points report will also be amended to provide visibility of the charging strength methodologies and changes that might be made to these.

## **Industry consultation and assessment**

The consultation for CPW077 was published on 3 December 2019 and closed on 7 January 2020. There were 19 respondents from 9 Retailers, 9 Wholesalers and the Consumer Council for Water (**CCW**). A summary of the consultation responses can be viewed in the Final Recommendation Report.

17 out of 19 respondents considered that the absence of charging strength methodologies in CMOS is a market issue.

One Wholesaler did not consider that the absence of a charging strength methodology Data Item is a market issue as its customers are able to choose their preferred methodology and sample results are shared with both Retailers and customers. Whilst contacts regarding charging strength methodologies do not appear to have caused an issue for this Wholesaler, the consultation responses suggest that this is an issue for the majority of respondents.

CCW stated that it had received minimal customer complaints pertaining to this information specifically but stated that it does receive complaints about delays in

---

<sup>1</sup> The timeframe in which Wholesalers are required to update active DPIDs was reduced by the Panel from 12 months to six months as they considered that this timeframe was too long.

processing consent forms. It called for further evidence to determine the validity of the issue. The consultation responses from Trading Parties have provided further evidence which indicates that this is an issue which creates additional contact between Retailers and Wholesalers and can result in delays in responding to customer queries. CCW also highlighted that both customers and Retailers might have further queries regarding the charging strength methodologies so there may still be a requirement for the Retailer contact the Wholesaler. The Final Recommendation Report indicates that the TEIC did not consider that complaint monitoring is granular enough to record a complaint that arose specifically about charging strength methodology although highlighted that the majority of the complaints related to billing and charging which it considered would very likely include complaints about Trade Effluent charges. CCW also stated that alongside the Change Proposal it hoped that there is ongoing efforts by Retailers to develop their Trade Effluent charges knowledge to ensure they are able to deliver a seamless service to these customers.

16 respondents agreed with the draft legal text. One Wholesaler did not agree with the text as the Wholesaler did not support of the proposed solution. Another was not supportive of the draft legal text, it sought clarity and proposed an amendment following which changes were made to the drafting. One Retailer stated that the methodologies were confusing and indicated a preference for other naming conventions. The TEIC noted the concern regarding potential confusion but considered that the Trade Effluent guidance documents would assist in providing clarity. It also highlighted that the naming of methodologies was a Wholesaler-led activity which aligns with the industry standard and the respective Wholesale Tariff Documents.

Many of the respondents felt that there should be governance arrangements for the methodologies. An amendment was made to the legal text in response to this which places an obligation on the Market Operator to maintain the Data Item and for the Wholesaler to ensure that the Data Item for existing DPIDs is updated within 12 months. This timeframe was subsequently reduced by the Panel to six months.

Overall, the consensus amongst respondents was that the Change Proposal would have a medium systems impacts and low operational impacts. One Wholesaler that indicated the solution would result in medium system costs proposed an alternative solution. It suggested that Wholesalers would share charging strength methodology information with Retailers. However the TEIC considered that this proposal is reflective of the current arrangements for sharing charging strength methodologies. This solution did not offer a centralised platform for holding this data and therefore, the TEIC did not consider that this assisted Retailers to provide a better level of service to their customers.

## **Panel recommendation**

The Panel considered this Change Proposal at its meeting on 25 February 2020. Its view was that the timeframe in which Wholesalers were required to update information for active DPIDs after implementation of this Change Proposal was too long. It reduced this timeframe from 12 months to 6 months as it considered 12 months was too long. In addition, the Panel challenged MOSL to explore with the supplier of its Central Systems the possibility of future proofing the Data Item so that additional methodologies could be added in the future if required.

The Panel recommended, by unanimous decision, that the Authority approve this proposal. This recommendation has been made on the basis of improving the principles of efficiency, customer participation, transparency, proportionality, simplicity and customer contact. The recommended date of implementation is 6 November 2020.

## **Our decision**

We have considered the issues raised by the Change Proposal and the supporting documentation provided in the Panel's Final Recommendation Report and have decided to approve the Change Proposal. We have concluded that the implementation of CPW077 will better facilitate the principles and objectives and principles of the Wholesale Retail Code detailed in Schedule 1 Part 1 Objectives, Principles and Definitions, Principles and Definitions, and is consistent with our statutory duties.

We agree with the Panel's assessment of how this Change Proposal better facilitates the principles of the Wholesale Retail Code.

We consider that this Change Proposal furthers the principle of efficiency as it will reduce low value contacts between Retailers and Wholesalers regarding Trade Effluent charging strength methodologies. The information regarding Trade Effluent charging strength methodologies will also be more easily accessible to Retailers in CMOS without the need to contact the relevant Wholesaler, which will in turn improve how quickly they have the ability to respond to enquiries from Trade Effluent customers about billing and charging. This will increase transparency and contribute to improving the customer experience when they raise enquiries of this nature.

## **Decision notice**

In accordance with paragraph 6.3.7 of the Market Arrangements Code, the Authority approves this Change Proposal.

**Emma Kelso**  
**Senior Director**  
**Markets and Enforcement**