
Wholesale Retail Code Change Proposal – Ref CPW087

Modification proposal	Wholesale Retail Code Change Proposal – CPW087 – Ability for Wholesalers to add Meter Reads
Decision	The Authority has decided to approve this Change Proposal, subject to a minor modification to the legal drafting
Publication date	7 July 2020
Implementation date	6 November 2020

Background

Retailers are responsible for submitting Meter Reads which are used for the purposes of calculating Primary Charges via the Settlement Process. As such, Retailer Meter Reads can affect the values included in Settlement Reports which can ultimately impact the accuracy of customer bills and the level of customer service that they receive.

As part of the drive to improve the quality of data in the Business Retail Market, the need for accurate and timely Meter Reads and reading of long unread meters have been identified as priority matters to address. In addition to these priorities, Covid-19 has also resulted in operational difficulties relating to taking Meter Reads, particularly where businesses have been or continue to be closed.

The issue

Currently, Wholesalers are only able to submit certain types of Meter Read into the Central Market Operating System (“**CMOS**”). These are: Initial, Final, Temporary, Reconnection and Pre-loaded Meter Reads.

Where Wholesalers take a Meter Read that is not one of the above types, they are currently required to request that the relevant Retailer uploads this into CMOS. The Final Recommendation Report highlights that this can result in delays in the data being uploaded to CMOS.

Whilst some Trading Parties already exchange Meter Reads, the Final Recommendation Report suggests that a formalised process needs to be created to encourage full market participation and a standardised approach across the market.

The Covid-19 lockdown has significantly impacted the ability for meters to be read by both Retailers and customers. This Change Proposal has therefore been expedited after the Panel (at the Panel Meeting on 31 March 2020) requested that MOSL bring this change forward into an earlier release of CMOS.

The Change Proposal¹

It is proposed that a new Meter Read Type (D3010) Data Item is created so that Wholesalers are able to enter Meter Reads directly into CMOS. The new Meter Read Type shall be referred to as a Wholesaler Read 'W'. W reads cannot be amended but can be removed and re-entered by Wholesalers and Re-read functionality shall not be allowed.

The proposal does not seek to amend the dynamics of Meter Read ownership. Retailers will still own the Cyclic Meter Read and the Meter Read that is entered into CMOS shall be at their discretion. The Final Recommendation Report also confirms that the Change Proposal is not intended to replace or conflict with any Wholesaler offerings of meter reading services as an alternative revenue stream.

W reads will not affect Settlement, nor will they impact consumption calculations and will not be automatically recognised as a Cyclic Read. However, Retailers will be able to use a W read as Cyclic Reads but where they elect to do so they will be required to include 'Wholesaler Read' in the 'Text Comments Field' of the T105.R transaction.

The Change Proposal does not place an obligation on Wholesalers to submit W reads. However, if they are able to directly enter W Reads into CMOS rather than communicating these to the Retailer who would need to do the upload, Wholesalers are able to more efficiently facilitate the gathering of Meter Reads.

It is proposed that there will be no impact on Market Performance Standards ("**MPS**") Charges for Retailers in respect of W Reads. There will be no obligations on Retailers to use W reads as Cyclic Reads. The Proposer considers that by not introducing MPS Charges against the W read this will incentivise Retailers to enter these Meter Reads, even if they do so outside of the Market Performance Framework timeframes that are in place for the entry of other Meter Reads. The Final Recommendation Report goes on to indicate that the proposal will increase the data available for the Market Performance Framework. It is also proposed that where a W read is submitted but is not then followed up by submission of a Meter Read by

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>

the Retailer, the Meter will remain on the long unread meters report. Whilst there may be a legitimate reason for the Retailer not submitting a Meter Read following receipt of the W read, the Proposer considers that this should encourage engagement in resolving long unread meters.

Industry consultation and assessment

An industry [consultation](#) was undertaken in relation to this Change Proposal. The full responses and a more detailed summary of these has been provided in the Panel's [Final Recommendation Report](#).

The majority of respondents supported the Change Proposal and considered that this would bring benefits for customers. Most respondents also thought that the Change Proposal furthers the objectives and principles of the WRC.

Four Trading Parties did not agree with the Change Proposal. Key themes for not agreeing with the proposal and the responses provided by the Proposer are discussed below.

Obligations for Wholesalers

A number of respondents requested clarity around whether the Change Proposal introduced obligations for Wholesalers to enter reads to CMOS.

The Proposer confirmed that the solution was amended following the consultation to highlight that there is no obligation placed on the Wholesaler to submit W Reads. However, the Proposer highlighted that it would be in the interests of all Trading Parties if these Meter Reads are uploaded to CMOS.

Reporting

A number of consultation responses sought clarification about reporting, should the Change Proposal be implemented.

The Final Recommendation Report confirms that MOSL will monitor and compare the submission of W reads against Meter Reads submitted by Retailers with the 'Wholesaler Read' flag and any improvement against the long unread meter report. This monitoring should demonstrate the number of W reads that are being entered into CMOS by Wholesalers and whether these are subsequently being used by Retailers as Cyclic Reads. Monitoring of the long unread meters report will demonstrate whether the Change Proposal is having a positive impact in reducing the number of long unread meters.

Use of W reads as Cyclic Reads

One Wholesaler highlighted that given the work involved for Wholesalers in obtaining the reads, they should be incorporated into Settlement. It was suggested that the need for Retailers to verify and accept reads would increase complexity and operational burdens for Trading Parties. Another Wholesaler suggested that the W read should take precedence over Yearly Volume Estimates in the absence of a Cyclic Read. This Wholesaler considered the Change Proposal will have a limited positive impact on customer bills as W reads are not used for Settlement purposes.

The Proposer considered that allowing W reads to automatically be used as Cyclic Reads or to directly influence Settlement would blur the concept of ownership with regards to the Cyclic Read. It was suggested that there would need to be a broader discussion around this subject at a later time.

MPS charges

One Wholesaler suggested that Retailers should still incur MPS Charges for long unread meters where they rely on a W read. This respondent stated that it is important that the code change does not discourage Retailers from carrying out Meter Reads for long unread meters and instead relying on Wholesalers to take these.

The Proposer said that another benefit identified following the consultation was that Retailers could use W Reads submitted off the back of a bilateral request as a Cyclic Read without being penalised, even if the read is outside of the usual MPS timeframes (the W read will be removed from the MPS report due to it being a Wholesaler Read). However, the Final Recommendation Report indicates that the proposal will increase the data available for the Market Performance Framework. It is also proposed that if a Retailer does not enter a Meter Read following submission of a W read the Meter will remain on the long unread meters report. Whilst there may be a legitimate reason that a Retailer would not submit a Meter Read following receipt of the W read, the Proposer considers that this change should encourage engagement between Trading Parties about resolving long unread meters.

Costs

Overall, the majority of respondents considered that these would be low to medium. Most respondents also thought that the benefits outweighed the costs. Four respondents considered the implementation costs would be medium to high.

Another Wholesaler respondent suggested that implementation of the proposal could reduce revenue from its meter reading service. The Proposer has confirmed that the

Change Proposal is not intended to conflict with any Wholesaler offerings of Meter Reading services as an alternative revenue stream. There is no obligation for Wholesaler to provide W reads however it is mutually beneficial should they choose to do so as this can ultimately result in more accurate Settlement and contribute to a reduction of the number of long unread meters.

A Retailer respondent suggested that it might incur additional costs if it needed to liaise with a Wholesaler to facilitate removal of W reads. However, whilst it is beneficial that W Reads are utilised by Retailers, there is no obligation on them to upload these to CMOS. As such, the extent that the Retailer wishes to liaise with the relevant Wholesaler regarding the W read is within their discretion.

Panel recommendation

The Panel considered this Change Proposal at its meeting on 26 May 2020. It recommended, by unanimous decision, that the Authority approve this proposal. This recommendation has been made on the basis of improving the principles of Efficiency, Market Terms Objectives, Simplicity, cost-effectiveness and security. The recommended date of implementation is 6 November 2020.

The Customer Representative Panel Member (“**Customer Representative**”) expressed agreement with the Change Proposal which they consider will contribute to increasing the number of actual Meter Reads in the market. They suggested that this will ultimately result in benefits for customers and could save Trading Parties costs in the long term. The Customer Representative also supports the principle of Retailers retaining responsibility for Cyclic Reads. However, it was noted that the proposal is only part of the solution to the problem of inaccurate data in the market and the Customer Representative would like to work with Trading Parties, Ofwat and MOSL to implement further enduring solutions.

Our decision

Having considered the issues raised by the Change Proposal and the evidence provided in the Panel’s Final Recommendation Report, we have decided to approve this Change Proposal, subject to a minor modification to the legal drafting which is included in Appendix 1. We have concluded that the implementation of CPW087 will better facilitate the principles and objectives 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 consider that this Change Proposal can assist in improving market data by building upon the quality and quantity of Meter Reads in the market. The proposal has the potential to reduce the number of long unread meters and where the W

reads are effectively utilised by Retailers, it could also contribute to reducing the number of Central Systems Generated Reads. There is potential that this Change Proposal could assist in achieving more accurate Settlement at a time when it is more operationally difficult to undertake Meter Reads because of the recent lockdown measures as a result of the Covid-19 pandemic.

Approval of this Change Proposal may contribute to improving Wholesaler-Retailer interactions and collaboration by introducing an additional level of efficiency and simplicity to communication of Meter Reads from Wholesalers to Retailers. Wholesalers will be able to efficiently add Meter Reads directly into CMOS rather than having to communicate these to Retailers using another method and needing to rely on these being uploaded to CMOS by the relevant Retailer.

In addition to the above, the Change Proposal furthers the principle of proportionality as the majority of respondents to the consultation indicated that there would be low to medium implementation costs. The potential benefits for customers and the market however, appear to outweigh the projected implementation costs which the majority of consultation respondents suggested will not be high.

Decision notice

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

Georgina Mills
Director, Business Retail Market

Appendix 1 Modifications to the legal drafting for CPW087

- 3.10.2 A Retailer may choose whether or not to submit a Regular Cyclic Read using the value from a Wholesaler Read. Where it does so, it must populate the Text Comment Field of the Data Transaction with “Wholesaler Read”. Any such submission will be exempt from any calculation of Market Performance Standards Charges.