

## Wholesale Retail Code Change Proposal – Ref CPW089

<b>Modification proposal</b>	Wholesale Retail Code Change Proposal – Ref CPW089: T101 Adding Billing Address Fields
<b>Decision</b>	The Authority has decided to approve this Change Proposal
<b>Publication date</b>	1 October 2020
<b>Implementation date</b>	14 May 2021

### Background

The 2019/20 Market Audit noted the need for a standard mechanism and template to share data between Wholesalers and Retailers in a timely manner, such as data held by development teams and Gap Site identification data. It was also highlighted that such standardisation should be developed taking into consideration relevant data protection requirements to provide for data transfers in a simple, formal and secure way. The Market Performance Operating Plan (**MPOP**) Vacancy Working Group highlighted difficulties that Retailers face in identifying the customer when a Supply Point (**SPID**) is created, which can result in billing and occupancy status inaccuracies.

The Final Recommendation Report states that there are currently some significant limitations on sharing information about new SPIDs. The report provides an example; when a new SPID needs to be created in the Central Market Operating System (**CMOS**), there is only scope for a Wholesaler to submit a basic address for the property as part of the first Transaction.

The MPOP Vacancy Working Group reviewed this issue and noted that when a property’s developer is not identified as a customer in CMOS, the property is marked as vacant. When the developer then subsequently transfers the premises to the customer, the Retailer is unable to immediately identify when that customer started occupying the premises. It is therefore unable to identify the date that the premises should be marked as occupied and the date from which the customer should be billed.

The Market Terms (Part D: 4.4 Registration of New Supply Points) only require Wholesalers to submit the Supply Point address for the premises, no additional details relating to the developer or customer are required. However, Wholesalers

gather information during the SPID registration process that may help Retailers to identify the customer. Although some Trading Parties have informal processes in place to share some of this data, there is no formal standard mechanism for the Wholesaler to share such additional details. Wholesalers are also cautious of how much information they can share with Retailers due to concerns related to data protection, particularly in the case where a Retailer is yet to be assigned.

## **The Change Proposal<sup>1</sup>**

Changes have been proposed to CSD0101 Registration: New Supply Points and CSD 0301: Data Catalogue. It is proposed that new Data Items are created for the contact details (including contact name, email and number) and billing address details of the property developer or the customer within CMOS. Of the new Data Items, it is proposed that the following will be made mandatory:

- Developer/business name;
- Billing address line 1; and
- Billing address postcode.

It is proposed that the new Data Items will be added to the following transactions:

- T101.W “Request New SPID”; and
- T102.M “Notify New SPID” Data Transactions.

The new Data Item fields will be viewable in CMOS until the SPID becomes Tradable or the Retailer updates the billing details, whichever comes first. The processing logic for the T132.R and T156.R transactions will be amended to give effect to this.

The proposed changes seek to improve customer billing data provided from the Wholesaler to the Retailer when creating new SPIDs. The Proposer notes that the changes will result in Retailers being notified of contact and billing address details of the customer in a timely manner. This in turn will help to improve the customer onboarding process by bringing customers onto billing more easily and quickly. It is expected that the changes will also facilitate SPIDs to become Tradable quickly and reduce the number SPIDs being marked as vacant.

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

## Industry consultation and assessment

A consultation for [CPW089: T101 Adding Billing Address Fields](#) was held in April 2020. The consultation received 29 responses: 14 from Wholesalers, 14 from Retailers and a response from the Consumer Council for Water (CCW).

**Agreement with the proposed changes:** The majority of respondents (24) agreed with the proposed changes (11 Wholesalers, 12 Retailers and CCW), with several noting the benefit of improving billing data and reducing the risk of incorrectly amending SPIDs to vacant.

Five respondents disagreed with the proposed changes (three Wholesalers and two Retailers). Two Wholesalers suggested that the provision of this data should not be made mandatory as the Wholesaler may not be in possession of it (for example in circumstances involving Gap Sites). The Proposer acknowledged the point that Wholesalers may not always be in possession of the information and the legal text was amended following consultation to allow Wholesalers to insert 'Not Known' in the mandatory fields, if the relevant data is unavailable. This concern has therefore been addressed.

One Wholesaler raised a point that the proposed changes do not address all issues related to the registration of a new SPID and its occupancy status. It suggested use of existing transactions (for example T132.W "Submit Core Customer Data" and T156.W "Update Billing Address") would better address those issues. The Proposer considered the suggestion to allow the Wholesaler to use additional transactions when registering the new SPIDs. It noted that such amendments would add complexity and will require further significant changes in CMOS. Furthermore, they would allow the Wholesaler to amend billing details after the SPID becomes Tradable, which would affect the principle of Retailer ownership over billing details, which this Change Proposal seeks to maintain. The addition of a T112.R "Update Occupancy Status" would also alter the data ownership dynamics, for example where only the Retailer is responsible for changing the Occupancy Status. Such changes to these core responsibilities require a discussion beyond the scope of this Change Proposal.

One Retailer disagreed that the solution will improve the customer's billing experience and said it would likely lead to wasted effort by the Retailer, therefore suggested Wholesalers should be obliged to confirm such data handovers to the Retailer. The Proposer noted that because the Wholesaler is required to share this data (if data is available), the Retailer could save a significant amount of time it would otherwise spend locating the customer.

**Comments relating to data protection:** In relation to concerns about data protection and how much Market Personal Data Wholesalers can share with the Retailer, the Change Proposal notes that all Trading Parties are joint Data Controllers for the purpose of CMOS data and market data, and Wholesalers should have no issues sharing the proposed data. The Change Proposal notes that Wholesalers should ensure that their privacy notices reflect that they are sharing such data with Retailers. As set out in the MAC at Section 15.2: Roles and Responsibilities, all Trading Parties are Data Controllers of any Market Personal Data that is:

- (a) Uploaded by that Trading Party to Market Operator Systems; and/or
- (b) Accessed by that Trading Party; and/or
- (c) Also held on that Trading Party's systems and it is the responsibility of each Party to ensure that its processing of Market Personal Data complies with Data Protection Laws

Further detail about the use of Market Personal Data and Data Protection Compliance Arrangements can be found at Section 15 and Schedule 13 of the MAC respectively.

**Implementation and Operational Costs:** Respondents to the consultation provided a wide range of estimated implementation and operational costs. 11 respondents indicated no cost associated with the implementation of the proposed changes noting that the change would be integrated into their existing operational checks and systems. Seven respondents expected low costs and nine estimated a medium to high cost. Some of the reasons noted include the need for additional resources due to the recent number of Change Proposals, the implementation of 12 additional fields into the billing system and implementation costs associated with back office system changes so that data can be stored and readily accessed when creating the T101W message. One Retailer was unable to quantify at this time.

**Benefits vs Costs:** The majority of respondents (22) agreed that the benefits to customers and the market as a whole of this Change Proposal outweigh the implementation and operational costs. The respondents noted benefits such as reduction of the number of vacant SPIDs in the market which will ensure that water is correctly paid for by the end customer, as well as improvement of the transparency and flow of information between Wholesalers and Retailers to support the correct occupancy status.

Of the five respondents who disagree that benefits will outweigh the costs, one Wholesaler noted that the inclusion of mandatory data fields will introduce additional responsibility on the Wholesaler and one Retailer stated that the scope of potential benefits are too limited to justify the expected costs of implementation to Trading Parties and the Market Operator. The Proposer stated that the proposed changes

provide the simplest and most effective approach to implement the recommendations from the PwC Market Audit 2019/20 and to improve the customer journey.

**Objectives and Principles of the WRC:** The majority of respondents (25) agreed that the proposed change would better the Objectives and Principles of the WRC.

**Implementation date:** Respondents to the consultation were divided with regard to the proposed implementation date of 14 May 2021. While 12 respondents agreed with the proposed date, the majority (17) disagreed (12 Retailer, four Wholesalers and CCW). Three of those (including CCW) disagreed on the basis that the changes should be implemented as soon as possible.

There were three main reasons for disagreement including:

- 1) concerns in trying to balance resources to deliver the CMOS 10.0 release and the Bilaterals Transactions Programme in May 2021;
- 2) the work that needs to be done to ensure the solution is cost effective and less disruptive to existing processes; and
- 3) referring to the amount of changes required by the back-office systems, two Wholesalers requested an alternative date to be considered.

The Proposer noted that the extent of the required changes should not exceed that of other recent changes and highlighted that, if Authority approval is received by 12 November 2020, Trading Parties will have six months to prepare for delivery. During the meeting at which the Panel considered this Change Proposal, there was a discussion around whether the solution could be incorporated into the Bilateral Transactions Programme to save on resource cost. However, it was noted that Trading Parties would still need to redesign their own systems to extract the customer/developer data as they would for this Change Proposal which is relatively simple, compliant with GDPR and efficient in linking the customer/developer data directly to CMOS.

Some Retailers noted that the changes will have a direct impact on the unwinding of the Covid-19 measures but provided no specific examples. The Proposer (the Market Operator) could not see a direct correlation between Covid-19 impact and the delivery of this Change Proposal other than a financial impact.

The [Panel's Final Recommendation Report](#) sets out the consultation responses and Proposer's response in more detail, including additional suggestions and observations.

## **Panel recommendation**

The Panel considered this Change Proposal at its meeting on 21 July 2020. It agreed by majority decision (vote of ten in favour, one against and one abstention) to recommend the Change Proposal to Ofwat for approval. This recommendation was made on the basis that the change better facilitates the Objectives and Principles of the Wholesale Retail Code.

The Panel Member who abstained supported the aim of the Change Proposal but couldn't support the change due to lack of quantifiable evidence that the overall benefits to the market and customers outweighed the significant costs of implementation. The Panel Member who voted against the Change Proposal expressed similar reservations and felt the issue would be addressed in the round by other activities.

## **Our decision**

The Authority has considered the issues raised by the Change Proposal in the Panel's Final Recommendation Report and has decided to approve it. We are of the view that the implementation of CPW089 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. However, we would encourage MOSL and the Panel to consider whether an earlier implementation date could be possible, given the benefit to customers and the wider market of this change.

## **Reasons for our decision**

The proposed changes are a step towards further improvements in market data. It will ultimately help Retailers identify customers after the developer transfers premises to the customer which will ultimately contribute to reducing the number of incorrect occupancy statuses in CMOS. The change will also enhance customer billing data which will assist Retailer's to bill affected customers more efficiently.

Having reviewed the Panel's Final Recommendation Report, we consider that the Change Proposal should bring benefits for customers by facilitating Retailers in identifying the customer occupying a property in an easier and timelier manner which will improve the customer on-boarding journey and result in improved billing overall. We consider that the proposed changes will improve transparency and efficiency in the flow of information between Wholesalers and Retailers which should positively affect the customer's experience and, in particular ensure fairness for customers by more efficiently making SPIDs Tradable.

We note that some Trading Parties considered that there would be medium to high implementation costs. However, we consider that the overall benefits to customers and the market outweigh the potential costs for Trading Parties and the Market Operator.

### **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**