
Wholesale Retail Code Change Proposal – Ref CPW067

Modification proposal	CPW067 – Bulk Submissions of Service Requests by MS Excel
Decision	The Authority cannot properly form an opinion on the approval of this Change Proposal and requests that the Panel revise and resubmit its Final Report
Publication date	20 April 2021

Background

The Operational Terms of the Wholesale Retail Code (“WRC”)¹ sets out obligations for Retailers to use Microsoft (“MS”) Word formatted Forms to issue operational service requests to Wholesalers. The current drafting of the Operational Terms of the WRC does not permit Retailers to submit bulk service requests in a Microsoft Excel format to Wholesalers, but Wholesalers are permitted to submit bulk information to Retailers in this way.

A Change Proposal was raised by Castle Water (“the Proposer”) to amend the Operational Terms of the WRC to enable Retailers to use MS Excel versions of Forms for the bulk submission of service requests.

On 14 October 2019, the Authority returned this Change Proposal to the Panel for it to revise and resubmit its Final Report. The Authority was unable to form an opinion on the recommendation because some concerns raised by respondents to the original request for information on this Change Proposal either had not been sufficiently taken into account by the Proposer and the Panel, or were not included in the Panel’s Final Report. We also noted that the Panel had concerns about the proposed solution but did not send this for further assessment. We asked the Panel to review and address the full extent of the concerns raised and reconsider the legal drafting in light of these.

We recommended that the Panel established a working group to consider specific points relating to the Change Proposal, including consideration of:

¹ Unless otherwise stated, the terms used in this document are those defined in the WRC and Market Arrangements Code

- Development of standard template Forms;
- Whether the legal drafting should include requirements around collaborative working to pre-agree bulk submission requests, consideration of timescales relating to Bulk Submission Forms, limits on the volume of bulk submissions;
- Operational Performance Standards ('OPS') reporting and amendments that may be required to the OPS guidance to take account of bulk submissions;
- Whether and how the solution delivers customer benefits; and
- How the proposed solution could be improved to maximise benefits relative to the implementation and ongoing operational costs.

A sub-group was established and consideration was given to the above concerns which has resulted in the original proposal being modified following a further consultation. The revised proposal is set out in 'The Change Proposal' section of this document.

The issue

The Proposer considers that using a Microsoft Word Form that only allows submission of a single service request at a time to Wholesalers is inefficient and unnecessarily increases costs when bulk submission of requests could be used instead. It also highlighted that customers may be adversely impacted due to the delays in individual Forms needing to be processed by Retailers.

The Change Proposal²

To implement the Change Proposal, amendments have been proposed to Sub-part J (Forms) of the "Introduction and Summary to Part 3 of Schedule 1 (Operational Terms) to the Wholesale Contract" to allow Retailers to submit Forms via MS Excel in bulk (i.e. 10 or more Forms at once) for efficiency and data improvement purposes. Trading Parties would not be permitted to continue to use separate agreements for bulk submission – the proposed change would bring all bulk submissions under one, monitored, transparent framework.

It is proposed that there would be a guidance document which would aim to provide additional practical guidance to ensure efficient and consistent application of the bulk submission mechanism. The proposed guidance document highlights that Bulk Submission Forms should be used for genuine overall efficiency and data improvement activity purposes. The following examples are provided; multi-site SPIDs, SPIDs all experiencing the same issue, and for bespoke one-off data cleansing activities. It is

² The proposal and accompanying documentation is available on the MOSL website at <https://www.mosl.co.uk/market-codes/change#scroll-track-a-change>

further stated that the bulk submission of Forms should be used sparingly and not used as part of day to day operational activity. In particular, customer requests should not be stockpiled.

A Retailer and Wholesaler would be required to have agreed an informal Service Level Agreement (“SLA”) before a Bulk Submission Form could be used. The Panel’s Final Report suggests that the informal SLA would help to ensure that bulk submission is only used where there would be a genuine efficiency benefit. A separate SLA would need to be agreed for each Bulk Submission Form. The SLA should take account of any requirements for supporting evidence to be supplied with any bulk submission. Trading Parties would be required to notify the Market Operator of agreed SLAs to ensure transparency and enable monitoring. In addition, either party would be able to ask the Market Operator to provide reasonable assistance in agreeing the SLA if it considers this necessary. Where Trading Parties are unable to agree an informal SLA, they could use the Disputes process to resolve this.

Either party would be able to request a reassessment of the SLA if it considers this necessary to reflect changing priorities.

Where a Bulk Submission Form is used, it is proposed that Wholesalers would be exempt from OPS and peer comparison impacts. However, performance against the SLA would be monitored and managed by the Market Operator as set out in CSD 0002 for individual Forms. Wholesalers would be required to submit their performance against agreed SLAs monthly as an Additional Performance Indicator would be in place and this submission would be required at the same time as their normal OPS submission. It is proposed that the Market Operator will produce guidance/templates to assist with reporting.

It is proposed that the Market Operator would provide MS Excel templates for all appropriate Forms for standardised submission. One MS Excel spreadsheet could be submitted for each process and Retailers would retain the existing single Form submission options.

The Market Operator has prioritised some Forms for translation to MS Excel format (B/01, B/03, C/01, C/02, C/03, C/04, H/03, H/04, and H/065). The final recommendation report indicates that the Forms that have not been prioritised are typically more unique and rarely used and may also prescribe tighter timescales, often requiring multiple interactions and submission of supporting evidence. It is stated that Forms B/02, B/04, F/01 and F/02 are not considered applicable for bulk submission. However, CPW067 would permit MOSL to publish additional templates in the future. If MOSL were intending to publish additional templates, it would look to give Trading Parties advanced notice.

Industry consultation and assessment

After the Change Proposal was returned to the Panel by the Authority, the solution was revised and a second Request for Information was published on 19 June 2020 and closed on 17 July 2020. There were a total of 21 responses received, 14 from Wholesalers, six from Retailers and the Consumer Council for Water (CCW). Key themes from the responses have been summarised below. Further detail can be found in the Panel's final recommendation report.

Support for implementation

15 out of 20 (eight Wholesalers, six Retailers and CCW) respondents supported implementation of the proposal. Four Wholesalers disagreed with the proposal and one was undecided.

Respondents that supported implementation considered that it would provide clarity, efficiency and consistency for submission of bulk requests, which would benefit customers and smaller Retailers. Several respondents highlighted that they thought the revised solution addressed the original concerns raised by Ofwat.

A Wholesaler did not support the solution for use following customer generated requests but thought that it could be useful for data cleansing exercises. A different Wholesaler did not support the proposal because its existing portal already supports bilateral transactions.

Two Wholesalers did not agree with the proposed solution because of the closeness of the proposed implementation date (February 2021) to the proposed implementation date of the bilaterals solution (May 2021). Several respondents suggested that the proposal should be incorporated into the bilaterals solution. However, the final recommendation report indicates that if this Change Proposal is approved by the Authority, MOSL would be able to incorporate it within the bilateral solution, although it is stated that this would be a substantial piece of work. It is stated in the final recommendation report that CPW067 is currently included on the backlog and that priority of implementing such a change into the bilaterals solution would need to be balanced against the other processes that have been identified as a priority for the bilaterals solution. The sub-group therefore agreed with the rationale of seeking to implement CPW067 as soon as possible, and in advance of the bilaterals solution, to inform the worthiness of its investment within the bilaterals solution in the future.

One Wholesaler was undecided on its support for this Change Proposal and questioned potential 'knock-on implications' if the proposal was implemented although no elaboration was provided.

Benefits for customers and the market

The majority of respondents (16 out of 20 – nine Wholesalers, five Retailers and CCW) agreed that the proposed amendment would deliver benefits to customers and the market. The final recommendation report indicates that the reasons provided for supporting the proposal included that it would simplify current processes, help to cleanse market data, reduce customers' delays which are caused by the administrative burden of processing individual forms, improve customer service, and lead to more accurate billing.

Four respondents (four Wholesalers) did not consider that CPW067 would benefit the market and customers. One Retailer that agreed considered however that the use of informal SLAs and the exclusion of bulk uploads from OPS would not be beneficial for customers and the market. A Wholesaler agreed with this view, stating that a negotiable SLA approach would be unlikely to deliver better customer outcomes than the existing market SLAs. This Wholesaler considered that the Change Proposal would better sit within the bilaterals solution. Another Wholesaler considered that efficiency gains for Retailers would arise as a result of a transfer of work onto Wholesalers which could still ultimately impact on customers unless additional resources were invested to manage this. A different Wholesaler agreed, stating that it was unconvinced that CPW067 offers a measurable benefit for customers alongside genuine efficiency savings across the market.

The sub-group considered these responses and concluded that the Change Proposal is 'based on ongoing collaboration, understanding, compromise, and learning-from-experience between Trading Parties'. The sub-group considered that the informal SLA approach provides protections for Trading Parties and customers as Bulk Submission Forms cannot be used unless an SLA has been agreed. The guidance document sets out expectations relating to the agreement of SLAs, in particular that these should be agreed based upon 'respective consideration of cost effectiveness, submission purpose, efficiency, practicality and customer impact'. It is considered by the sub-group that this will prevent Retailer inefficiencies being transferred onto Wholesalers through the use of Bulk Submission Forms where peaks in work volumes might result in overall net inefficiencies.

Further, the use of Bulk Submission Forms would be the exception rather than the norm and this has been made clear through the proposed guidance document. The sub-group considers that the customer risks which might be associated with the use of Bulk Submission Forms is reduced because the Forms are intended for use in situations where they will facilitate data cleansing and/or result in a simpler and speedier process. It suggests that data improvements could be achieved through the use of Bulk Submission Forms which would ultimately result in more accurate billing for customers.

CCW considered that ‘the benefits to customers are largely dependent on the assumption that allowing bulk submissions by a Retailer will resolve a market inefficiency and not simply create one at a different part of the customer journey’. CCW called for more evidence about the customer impacts and highlighted that it was unclear what the impact on customers would be if there were to be a Dispute.

Costs and views about benefits vs costs

Seven respondents (four Wholesalers and three Retailers) estimated that there would be low costs, eight estimated medium to high costs (seven Wholesalers and one Retailer), and five (two Wholesalers, two Retailers and CCW) said that the costs were unknown or that the question was not applicable.

One Wholesaler which said that the costs would be low suggested that this was because of the low number of SPIDs in its area that operated in the market. Another Wholesaler said that it would make administrative rather than systems changes to accommodate the Change Proposal if this were to be implemented. One respondent said that there would not be implementation costs, the costs it anticipates would instead be ongoing operational costs.

Of those that estimated medium to high operational costs, one Retailer said that it would need to create a new system to monitor and track bulk upload processes and change its current processes for bulk uploads to accommodate the new form. One Wholesaler said that it would need to make systems changes which it anticipated would be medium to high (in the region of £10k - £100k). Another Wholesaler said that it would need to automate the receipt of bulk submissions and indicated that this would incur medium to high systems and additional employee costs. This Wholesaler also considered that the proposal would make the bilaterals solution redundant. A Wholesaler commented that the costs to make systems changes could deter it from agreeing to bulk requests ahead of the implementation of the bilaterals solution.

12 out of 20 Retailers thought that the benefits outweighed the costs, four disagreed and the remaining four were undecided.

Those that thought the benefits outweighed the costs cited reasons such as improvements in efficiency and simplicity that would be gained by implementation of the Change Proposal and that these would outweigh the costs of implementation. One Retailer said that the costs would be negligible compared to the customer benefits. Another Retailer agreed (subject to its comments that Bulk Submissions should be monitored and reported by the Market Operator as part of the OPS). A Wholesaler agreed that the benefits would outweigh the costs providing that the process would be managed with caution by both Trading Parties. Another Wholesaler suggested that

clarity around the scope of the bilaterals solution would be needed before this Change Proposal is progressed to avoid abortive spending.

A Wholesaler said that it had not assessed the implementation costs but considered that if there are benefits for customers the proposal should be given serious consideration.

One Wholesaler who did not consider that the benefits of the proposed amendments outweighed the costs highlighted that it already has a bilateral solution in place which provides the same solution. Three other Wholesalers did not consider that the benefits outweighed the costs because the proposed implementation timeframe is so close to implementation of the bilaterals solution. Another Wholesaler however, highlighted that spend would potentially be worthwhile if the solution was incorporated into the bilaterals solution.

The sub-group's response to concerns about potential links to the bilaterals solution is set out in the 'Support for implementation' section above.

Principles and objectives

14 respondents (nine Wholesalers, six Retailers and CCW) agreed that the principles and objectives of the WRC would be furthered by implementing this Change Proposal. Four Wholesaler respondents did not agree.

One Wholesaler considered that the proposal would promote the principles of efficiency, proportionality, and non-discrimination. Another suggested the principles of customer participation, customer contact and seamless markets would also be furthered by the proposed change. Respondents that agreed provided reasons such as they considered that the Change Proposal would be an efficient and cost-effective route for Retailers to 'communicate bulk transmission' without unfeasible responsibilities being placed on Wholesalers.

Reasons provided by those that did not agree included that the principles of efficiency and proportionality would not be furthered as Retailer inefficiencies will be passed on to Wholesalers where bulk submissions create peaks in work volumes. Another Wholesaler suggested that there could be a negative impact on the customer journey if requests from customers are held back by their Retailer to be included in a bulk submission. One Wholesaler said that the current method of individual Form submission fails the test of proportionality but it questioned whether this issue would not be addressed by the Bilateral Solution.

CCW also highlighted the importance of MOSL closely monitoring the operation of the SLAs to see if there are further inefficiencies in the system which are exposed by the bulk submission process.

Implementation date

Nine respondents agreed with the proposed implementation date and 11 disagreed. At the time of consulting the proposed implementation date was 15 February 2021.

Of those that disagreed, many expressed concern about the timing of the proposed change in relation to the implementation of a bilaterals solution. Some suggested that the implementation date should be aligned with the bilaterals solution to avoid unnecessary systems changes. A self-supply Retailer suggested that the proposed amendment should be implemented as soon as possible. A Wholesaler thought that the implementation date should be aligned with a CMOS release if Trading Parties need to develop their systems to automatically translate bulk submissions.

The sub-group's response to the concerns regarding potential interactions with the bilaterals solution are included above in the 'support for implementation' section.

The sub-group agreed that the implementation date needed to reflect the fact that the required systems amendments varies considerably across Wholesalers. As such, 15 February 2021 was considered to be 'a reasonable and manageable compromise'. The sub-group suggested that the agreed SLA could be adjusted to account for delays some Wholesalers might experience with implementation and stated that if the Retailer felt that the SLA would be unacceptable for the customer, the Retailer could instead use the standard From to submit requests.

Further, the sub-group suggested that development of the SLA reporting template and the prioritised MS Excel Bulk Submission Forms could be completed whilst awaiting the Authority's decision. The final recommendation report states that it was considered that based on the degree of amendments made following the Authority decision to return CPW067, and the subsequent level of support for implementation in the second consultation, the risk of lost investment would be low.

Panel recommendation

The Panel considered the revised Change Proposal at its meeting on 25 August 2020. It unanimously recommended that the Authority approve this Change Proposal. This recommendation was made on the basis of improving the extent to which the proposal meets the principles of efficiency, proportionality, simplicity, cost-effectiveness and security and non-discrimination. The recommended date of implementation is 15 February 2021.

The Final Report states that Panel Members were in agreement that the revised solution had adequately addressed the original concerns raised by Trading Parties and Ofwat. They agreed that the revised solution would provide a proportionate and transparent means for the submission of service requests in bulk where an appropriate SLA is in place. It was also noted that the revised solution would grant the Retailer more insight into the progression and timeline of requests, which could in turn be shared with customers.

The Panel discussed potential links between the solution and the bilaterals solution. It was confirmed to the Panel that the Market Operator was already cognisant of the need to consider the requirements of CPW067 whilst preparing for the delivery of the bilaterals solution. The Panel also highlighted the importance of participating Retailers and Wholesalers being mindful of, and reflecting, the customer impact of processing Forms via bulk Submission when agreeing informal SLA's.

Concerns were raised about potential customer impacts where an agreed SLA could not be achieved. It was explained to the Panel that the normal process of individual Form submission would most likely follow in these circumstances, rather than either Trading Party seeking to raise a Dispute. It was also confirmed that the Market Performance Committee and the Panel would have visibility of reports produced following bulk submissions. The Panel noted that the Market Operator would be responsible for updating the associated Bulk Submission Guidance to reflect ongoing lessons learnt following implementation and that the Market Operator would engage with industry and the Panel (directly or via the Market Performance Committee) as required in relation to any such updates.

Our decision and reasons for our decision

We have considered the issues raised by the Change Proposal and the supporting documentation provided in the Panel's Final Report. We have decided that we cannot properly form an opinion on this CPW067, and therefore we are returning this Change Proposal to the Panel for it to revise and resubmit its Final Report.

We recognise that the use of Bulk Submission Forms could bring benefits in some specific circumstances, such as for data cleansing activities. However, some of the concerns highlighted in our previous decision document have not been adequately addressed by the revised proposal or in some instances elements of the revised proposal itself raise further concerns. We are therefore returning this Change Proposal to the Panel for it to revise and resubmit its Final Report. We have outlined below our key concerns with the current proposal and suggestions as to how these might be adequately addressed by a further iteration of this Change Proposal, should the Proposer choose to revise its proposal.

Customer benefits

In our previous decision, we had asked for consideration to be given to the customer benefits of the solution. We noted that there was mixed feedback from respondents to the request for information about whether the solution was simply moving the issue of processing time from Retailers to Wholesalers.

The Final Report suggests that the Change Proposal would result in a more efficient submission process which should reduce the time taken by Wholesalers to respond to requests from a Retailer and reduce unnecessary administrative delays. However, this does not align with some of the consultation responses. CCW called for more evidence about the customer impacts and highlighted that it was unclear what the impact on customers would be if there were to be a Dispute. One Wholesaler said that they did not consider the proposal would result in a more efficient end to end process for the customer. This Wholesaler also said that if used inappropriately, this may move the processing time requirement from the Retailer to the Wholesaler and may also increase the amount of work required for all Trading Parties involved in the process. Another Wholesaler said that the solution would likely result in the transfer of costs between Trading Parties rather than genuine efficiency savings. In addition, some Wholesaler respondents said that additional resource might be required to progress Bulk Submission Forms.

We do not consider that the Final Report goes far enough to sufficiently evidence the benefits of the proposal for customers. Based on the consultation responses, it appears that implementation of this Change Proposal as currently drafted could potentially result in additional resource costs for Wholesalers and/or delays for customers in some circumstances. If the Proposer chooses to revise this Change Proposal, consideration should be given to how customer benefits could be drawn from the permitted uses once these have been defined (see further below).

SLAs

We had previously asked the Panel to consider whether there should be requirements for Wholesalers and Retailers to work collaboratively and pre-agree bulk submission requests. The revised proposal includes a requirement for Trading Parties to negotiate a SLA for each request when there is an intent to use a Bulk Submission Form. We have concerns that this requirement could lead to protracted negotiations, create inefficiencies and do not consider that the proposal would incentivise Wholesalers to agree stretching SLAs.

Negotiation of SLAs could also potentially cause Disputes if an agreement cannot be reached. We acknowledge that the guidance document suggests that instead of raising a Dispute, Trading Parties should then revert to the standard process of submitting

individual Forms. However, in practice a Dispute would be permissible under the code and, the net effect if one were to be raised, would likely be further delays for customers that would likely be longer than the SLAs currently included within the code for the use of individual Forms. Such delays could also increase the necessity for customers to raise enquiries which could potentially be avoided if individual Forms are used instead and the potential for delays is minimised.

If the Proposer chooses to revise the proposal, consideration could for example be given to using set parameters to calculate SLAs for Bulk Submission Forms to be processed. These parameters could be set for example by reference to the process (or processes if the SLA were to be applicable to more than one) and number of service requests included on the Bulk Submission Form.

Permitted uses

The proposed amendments to the Operational Terms do not include the specific circumstances in which use of Bulk Submission Forms would be permitted. The proposed guidance document states that Bulk Submission Forms should be used ‘sparingly and for genuine overall efficiency gains and data improvement activity purposes only’. Whilst the guidance document provides some examples of what would be considered a ‘genuine overall efficiency gain’ and ‘data improvement activity’, in practice, the proposed drafting of the code could result in use of Bulk Submission Forms more frequently than the proposal anticipates. Given that the proposal also includes that Bulk Submission Forms would be monitored by an API rather than as an OPS under the Market Performance Framework, we would be concerned that there could potentially be negative impacts for customers if Bulk Submission Forms were used more regularly than the proposal intends. Consideration should be given to how the legal drafting could be amended to address this concern. For example, it could specify the circumstances in which Bulk Submission Forms can be used.

Further, whilst the guidance document presented alongside the proposal states that Retailers should not stockpile requests, the proposed legal drafting still permits this and therefore there remains a risk that requests could be held back for bulk submission. We consider that stockpiling requests could have a detrimental impact for customers as it could ultimately result in delays in requests being progressed where Retailers are able to demonstrate that they could gain ‘genuine overall efficiencies’ from doing so. Any revised proposal should consider how the proposed legal drafting could be amended to mitigate this risk.

Monitoring

Our previous decision document asked for consideration to be given to how performance would be monitored where Bulk Submission Forms were used, specifically

in relation to OPS reporting and whether the guidance would need to be updated to account for Bulk Submission Forms. We note that the revised proposal includes that adherence to SLAs would be monitored instead through an Additional Performance Indicator. We have concerns about how this would be workable in practice. The complexities relating to monitoring the proposed SLAs arise from the requirement that an individual SLA would need to be agreed for each use of a Bulk Submission Form, rather than there being set criteria to establish SLAs against which performance could be monitored across the market. Monitoring of the proposed arrangements would potentially be resource intensive and complex and as such, we do not consider that the monitoring arrangements as currently proposed would further the principle of efficiency.

If revised, the proposal should consider how monitoring of adherence to SLAs could be made more efficient. This will need to be taken into account when revising the proposal about how SLAs will be determined.

Legal drafting

When revising the proposal, consideration should be given to amending the proposed definition of Bulk Submission Form which is defined (at WRC Schedule 1 Part 1) as: “a submission of ten or more Forms as set out in Part J of the Operational Terms (Forms)”. The proposed definition does not align with the drafting of Part J (at Schedule 1 Part 3) which provides that "Where the Market Operator has published a Bulk Submission Form on its website for a process, a Retailer shall be permitted to submit ten or more Forms in bulk using the appropriate Bulk Submission Form". The drafting of Part J (at Schedule 1 Part 3) states that Retailers can submit Forms using a Bulk Submission Form rather than the Bulk Submission Form being the act of submission (as per the definition).

The drafting should also be amended to make clear that a Bulk Submission Form is a particular Excel Form the Market Operator can publish on its website in relation to a specified process and by which ten or more Forms as set out in Part J of the Operational Terms (Forms) may be submitted.

Bilaterals solution

A number of consultation respondents raised concerns about implementation of the Change Proposal given the impending bilaterals solution. Some respondents expressed concern that they would incur implementation costs which would be abortive spend if Bulk Submission Forms were to be incorporated into the bilaterals solution.

We acknowledge that Bulk Submission Forms could be used alongside the bilaterals solution but also note the Final Report suggests that this could be built into the

bilaterals solution in the future. We would encourage that any revised proposal should consider whether it is intended that Bulk Submission Forms should form part of the bilaterals solution and if so, what the most efficient way to progress the proposal would be to mitigate the concerns that have been raised by respondents to the consultation. In any event, we would expect any revised proposal to clearly explain how the proposal would work in parallel to the bilaterals solution.

Given the timescales set out in CPW070, it is possible that the first processes under the bilaterals solution will be implemented before any revised proposal under CPW067 is considered by the Panel. If this is the case, consideration will need to be given to the legal drafting to ensure the WRC delivers the intended effect of the revised change proposal but takes account of any changes made via CPW070.

Decision notice

In accordance with paragraph 6.3.8 of the Market Arrangements Code, the Authority cannot properly form an opinion on the approval of this Change Proposal and requests that the Panel revise and resubmits its Final Report.

Georgina Mills
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