
Wholesale Retail Code Change Proposal – Ref CPW070a-1

Modification proposal	Wholesale Retail Code Change Proposal ¹ – CPW070a-1 – Bilateral transactions - supplementary
Decision	The Authority has decided to approve this Change Proposal
Publication date	16 September 2021
Implementation date	22 September 2021 (immediately following CPW070a / CPW043a)

Background

The communications between Retailers and Wholesalers regarding completion of the processes set out in the Operational Terms (e.g. locating, repairing or replacing water meters) are known as bilateral transactions. Currently, Trading Parties self-determine how these bilateral transactions occur, and therefore the processes for undertaking them varies between Trading Parties. These individual solutions have resulted in a lack of consistency across the market which has contributed to ongoing market frictions and inefficiencies, increased Trading Parties' costs and has resulted in a negative impact on customer service levels.

To address this issue, Ofwat raised an Authority Timetabled Change Proposal (then [CPW070](#), now [CPW070/CPM043](#) following revisions) to contribute towards addressing cumbersome and inefficient Wholesaler-Retailer interactions. This provided the mandate, and set out the requisite governance, for the Market Operator (MOSL), to take forward work on a proposed solution to the issues that had been identified relating to bilateral transactions. The Authority Timetabled Change Proposal enables MOSL to develop a solution in phases, and prior to amendments being made to the Wholesale Retail Code (WRC).

Phase 1 of the Authority Timetabled Change Proposal included establishment of several governance groups for the bilateral transactions programme. This included groups to support with development of proposals (the operational advisory group (OAG), the code advisory group (CAG) and the technology advisory group (TAG). MOSL also formed the

¹ Unless otherwise stated, the terms used in this document are those defined in Schedule 1, Part 1 of the Wholesale Retail Code.

'pathfinders' group to assist with implementation, assurance and testing plans. Further information about these groups can be found on [MOSL's website](#) and information about how they have contributed to this Change Proposal is detailed in the 'engagement' section of this document.

Phase 2 of the programme will be delivered through implementation of CPW070a/CPM043a: Phase 2 – Bilateral Transactions. CPW070a/CPM043a establishes the Bilateral Hub and mandates the use of this for the C1 process (verification of meter details or meter supply arrangements). CPW070a/CPM043a was [approved by the Authority in July 2021](#), and will be implemented on 22 September 2021.

Following approval of CPW070a/CPW043a, it has been identified that further amendments are required which are supplementary to those changes. This Change Proposal has been raised to bring forward the required amendments which need to be implemented alongside the changes approved by CPW070a/CPW043a on 22 September 2021.

The issue

The final recommendation report sets out three reasons that amendments are required and therefore why this Change Proposal has been raised:

- To address issues identified through testing where unexpected behaviour occurred when using the Bilateral Hub;
- To reflect that there have been changes in technical solution due to the agile nature of programme development; and
- To improve clarity and address inconsistency.

Further detail regarding the proposed amendments and the rationale for these has been provided below.

The Change Proposal²

MOSL has compiled a change log which details the proposed amendments and the rationale for these. This can be viewed [here](#).

The proposed amendments relate to five code documents: the Operational Terms; OSD 0701; OSD 0704; CSD 0601; and CSD 0002. The proposed drafting amendments can be

² The proposal and accompanying documentation is available on the [MOSL website](#)

viewed on [MOSL's website](#). We have summarised in the below table the key changes which have been proposed.

Changes to improve clarity and consistency

Proposed amendment	Rationale	Impacts
Amendments to various Data Items in CSD 0601 to flag that they may contain personal data	This will assist MOSL and Trading Parties in better identifying personal data. This could be beneficial for example, in the event of a subject access request.	These amendments could benefit customers by improving Trading Party efficiency when responding to subject access requests as Data Items containing personal data should be easier to identify.
Clarifications have been made to OSD 0701 (to validation rules, Start/End Triggers and functionality) to make it clear that every Deferral lasts at least one day, not zero days. Both Effective From Date and Effective To Dates are inclusive.	This will ensure that the WRC reflects the system functionality and provide clarity for Trading Parties regarding how Deferrals work in practice.	<p>There are positive impacts for Trading Parties and customers of ensuring that the WRC is clear and reflective of the system functionality.</p> <p>It is acknowledged that there could be impacts if Deferrals were erroneously applied, however MOSL has highlighted that it will now be able to track and report on Deferral behaviours, still an improvement on current self-reporting that will help mitigate any negative customer impact which might result from an erroneous Deferral.</p> <p>The final recommendation report also details that MOSL intends to design a Deferral cancellation that will be deployed in a future phase of the programme. This will further mitigate potential impacts of an erroneous Deferral on customers as it will provide enhanced functionality such as the ability to cancel a Deferral.</p>
Amendment to CSD 0002 to provide further clarity around when Service Level Agreements (SLAs), which are monitored as part of the Market Performance Framework ('KPIs'), are accounted in relation to certain End Triggers.	This change is proposed to ensure that KPIs are counted fairly and that no erroneous charges are applied by the Bilateral Hub.	The change aligns with current KPI reporting arrangements therefore the impacts should be low. More generally, the accuracy of performance monitoring should be improved as a result of this change - more accurate peer comparison can assist in driving improved outcomes for customers.

<p>Changes have been proposed to confirm that a KPI will:</p> <ol style="list-style-type: none"> 1. only be counted once for a completed Request; 2. will not be counted if Request is Rejected and started again; and 3. will be counted even if a Request is cancelled or times out after it is "completed". 		
<p>An amendment to OSD 0701 to remove an inconsistency relating to Deferrals.</p> <p>OSD 0701 suggests that Deferrals are automatic where a Wholesaler "requests information", however the Deferral is not automatic and must be manually started by the Wholesaler as confirmed in CSD 0601. This amendment is required to align all the code drafting with the technical solution.</p>	<p>OSD 0701 suggests that Deferrals are automatic where a Wholesaler "requests information" however the Deferral is not automatic and must be manually started by the Wholesaler as confirmed in CSD 0601. This amendment is required to align all the code drafting with the technical solution.</p>	<p>Ensuring that the code drafting is consistent across it and clearly aligns with the technical solution provides Trading Parties and customers with certainty of operation and this in turn assists in managing expectations appropriately.</p>
<p>Amendments are proposed to CSD 0002 to require Trading Parties to continue to self-report for legacy requests (Requests which were initiated, but not completed, prior to implementation of the relevant process into the Bilateral Hub) and for the first three months following implementation of the C1 process into the Bilateral Hub.</p> <p>Self-reporting should be as a minimum against the current Operational Performance Standards (OPS) reporting requirements (i.e. section 4 of CSD 0002), but</p>	<p>Self-reporting for a limited time following implementation the C1 process into the Bilateral Hub is necessary to enable data comparison. This will assist in ensuring the accuracy of the Bilateral Hub reporting and provide an opportunity for MOSL to address any issues regarding the accuracy of the reporting by the Bilateral Hub, should any be identified.</p> <p>Clarification relating to the reporting requirements for legacy requests is necessary to ensure the requirements to continue to self-report in respect of such requests are clear to Trading Parties.</p>	<p>Trading Parties may be required to retain current reporting systems/methods or identify an alternative method to self-report for a limited timeframe following implementation of the C1 process into the Bilateral Hub. This may result in additional resource being required from Wholesalers for a limited period.</p> <p>There are also likely to be some variances in reporting where some Wholesalers report under section 4 of CSD 0002 and others may report under section 5. Therefore, peer comparison reports may be impacted - this will need to be taken into account prior to Initial Performance Rectification Plans being commenced.</p>

<p>Wholesalers should use best endeavours to self-report against new OPS requirements (i.e. section 5 of CSD 0002). The current drafting in CSD 0002 limits self-reporting to instances where there is a malfunction of the Bilateral Hub.</p>		<p>The final recommendation report states that to understand the impacts of these proposals, OAG, Pathfinders and Contract Managers were consulted. It is noted that concerns were not raised about these proposals and that some Trading Parties are likely to retain self-reporting capability in any case. The CAG was also consulted; several Wholesaler members raised concerns about the proposals due to ongoing functionality of individual portals. The concerns have been mitigated by MOSL who confirmed that requirements will be to self-report using Bilateral Hub data or their own data where this is held.</p> <p>Whilst there may be some short-term impacts for Trading Parties, ensuring accurate reporting will have a positive impact on Trading Parties and therefore customers in the longer term as it will enable better performance monitoring and peer comparison.</p>
<p>A series of nonmaterial housekeeping changes which are directly related to the bilateral transaction programme have been proposed throughout the relevant code documents. For example;</p> <ol style="list-style-type: none"> 1. in OSD 0701 a typographical error in a Data Item has been corrected, unnecessary spaces before punctuation have been removed, as have "for the avoidance of doubt" statements. <p>References to "initiating" and "removing" Deferrals have been corrected</p>	<p>These changes have been proposed to correct minor errors, improve clarity, accuracy, consistency of terminology, and to clarify unclear provisions.</p>	<p>These proposed amendments have a positive impact on the readability and clarity of the WRC and ensure that are accessible and transparent for Trading Parties and customers.</p>

<p>to "starting" and "ending" Deferrals.</p> <p>2. In the Operational Terms changes include removal of "for the avoidance of doubt" statements, and additional drafting has been added to provide greater clarity over the differential treatment of Deferrals within and outside the Bilateral Hub (sections 2.5.4 and 2.5.5).</p> <p>3. Relevant amendments in OSD 0704 include removal of "for the avoidance of doubt" and an unnecessary space when referencing an SLA.</p>		
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Changes following testing and Trading Party feedback

Proposed amendment	Rationale	Impacts
<p>Additional clarification has been added to CSD 0601 and OSD 0701 to provide that a Deferral cannot be put in place where a Request has been rejected and to confirm that a rejection is an End Trigger for an SLA. OSD 0704 and CSD 0002 have been amended to provide additional clarity relating to SLA Start Triggers and End Triggers.</p>	<p>Changes have been proposed to align the Bilateral Hub with the intended functionality as recommended by the OAG. Changes are required as Trading Party testing had revealed that SLAs keep running even after Requests are rejected by Wholesalers. This may lead to undesirable behaviour as a Wholesaler would need to Defer a rejected Request to stop the SLA, this would subsequently prevent a Retailer from re-submitting the Request. Subsequent to the identification of this issue MOSL also discovered that the same problem currently occurs following Retailer cancellations and time outs,</p>	<p>These amendments should deliver improved Trading Party and customer outcomes as this functionality fix will enable Retailers to re-submit Requests as required and will prevent the undue penalisation of Wholesalers where an SLA incorrectly continues to run.</p>

	amendments are also required to address this.	
A new Data Item has been created - D8261 'Site Visit Date End Time', and the relevant common process (detailed in OSD 0701) has been updated	Trading Parties had raised concerns (detailed in the final recommendation report for CPW070a/CPM043a) regarding the proposal that appointment times would be fixed one hour slots, they highlighted that this did not align with common industry practice. To address these concerns, this new Data item has been created. Trading Parties are still able to book fixed one hour appointments, however, if they instead prefer to arrange a more flexible time slot (of up to six hours) for attendance at a premises they may use the new Data Item. Introduction of this Data Item provides the desired flexibility for Trading Parties when arranging appointments and aligns with current industry practice.	This amendment will remove a non-industry standard requirement created by the Bilateral Hub which only permitted one hour appointment slots. A consequential positive impact for customers is the ability for Trading Parties to keep track of booked appointments within the Bilateral Hub, rather than needing to use a secondary system. This should reduce the possibility of confusion or unintended errors that could be caused by the operation of two systems and help to ensure that customers can be provided with updates in an efficient manner. Maintaining the current industry practice also ensures that there is a level of flexibility around appointment booking which could in turn provide benefits for customers.

Changes due to the agile nature of the bilateral transaction programme

Proposed amendment	Rationale	Impacts
Remove references to automated notifications to Affected Trading Parties ³ from relevant code documents	Due to the agile nature of the programme and changing priorities, the technical functionality for automated notifications to Affected Trading Parties will not be developed by the implementation date for CPW070a/CPW043a.	The final recommendation report states that the proposal to include automated notifications to Affected Trading Parties is above the minimum viable product for the Bilateral Hub – Trading Parties do not currently benefit from automatic notifications being sent to Affected Trading Parties. Trading Parties will need to use an alternative method to notify Affected Trading Parties until the functionality has been developed

³ Defined as "any Other Retailer and Other Wholesaler that may be associated with a SPID and/or affected by a Request;"

		and implemented into the WRC. MOSL has advised that it intends to deliver this functionality during the next phase of the programme. MOSL does not anticipate that there will be any customer detriment as a result of this change as Trading Parties will continue to notify Affected Trading Parties, via conventional methods.
Clarification in OSD 0701 and OSD 0704 that the time out process (which is used to progress or close Requests where a Retailer does not proactively acknowledge them) will not be implemented by CPW070a. An amendment is proposed to provide flexibility for MOSL to notify Trading Parties when the time out process will be implemented.	<p>Due to the agile nature of the programme and changing priorities, the technical functionality for the time out process has not yet been developed.</p> <p>The CAG and OAG have indicated that this is an important functionality that must be implemented as soon as possible as it will prevent 'clutter' in the Bilateral Hub where Requests are not responded to appropriately. Therefore, MOSL has been provided with the flexibility to implement this functionality without the need to return to Panel or the Authority as part of proposed amendments to the WRC.</p>	Proposed mitigations for the delay in implementing this functionality will reportedly increase back-office activities for Wholesalers. However, the final recommendation report highlights that the introduction of this was above the minimum viable product for the Bilateral Hub and was intended to act as a back-stop protection against poor Trading Party behaviour (i.e. ignoring Requests). In the interim, to provide mitigation against the risk Requests are not progressed or closed appropriately, MOSL will produce a report detailing outstanding actions relevant to the C1-3 SLAs. It is confirmed in the final recommendation report that the Bilateral Hub also has the functionality for Trading Parties to access this information themselves so that they can keep track of Requests which have not been responded to and progress them appropriately. MOSL are also intending to implement the functionality as soon as possible.

Engagement

The final recommendation report details the engagement which has taken place in relation to this Change Proposal.

Engagement with the Customer Representative

MOSL sought the view of the Customer Representative who recognised that improving the service that customers experience is central to the bilateral transactions programme. The Customer Representative considered it is important to test and

improve the solutions where needed (and was encouraged to see that this was occurring) to ensure that customers receive the maximum benefits from the changes being made. The Customer Representative also stated that it is positive that the agile nature of the programme allows changes of this nature to be made, as this may help avoid problems occurring further down the line that could have an adverse impact on customers.

Industry engagement

The final recommendation report details that engagement is a key strength of the bilateral transactions programme. Further, it is stated that Trading Parties are involved, engaged and receive communications at every stage of the process. MOSL works closely with Trading Parties to ensure they have maximum involvement in, and visibility of, what is being delivered. The key engagement relevant to this Change Proposal has been detailed below.

Advisory groups

CPW070 / CPM043 established three advisory groups, one other group has been formed by MOSL to support development and implementation of the bilateral transactions solution. These groups support the programme and have assisted with development of this Change Proposal as detailed below:

The Operational Advisory Group: A group of 26 Trading Party subject matter experts responsible for reviewing proposed amendments to operational processes falling within the scope of the programme and identifying preferred process amendments where consistency impacts Trading Parties' existing working practices. The final recommendation report details that this group has been instrumental in developing the detailed process steps for the revised C1 process in the Operational Terms.

The Technological Advisory Group: a group of 16 members established to review the design of any proposed technical system design requirements falling within the scope of the programme and identifying preferred design options where consistency impacts Trading Parties' existing systems.

The Code Advisory Group: a sub-group of the Panel which is made up of seven members. It is responsible for developing, assessing and reviewing proposed code amendments falling within the scope of the programme and making recommendations to the Panel. This group has proposed, edited and reviewed code amendments proposed as part of CPW070a-1. This group has helped identify code inconsistency, duplication, potential non-compliance and proposed alternative drafting as necessary.

Pathfinders: This group is made up of 12 Trading Parties, a third party integrator and subject matter experts. This group was assembled during the programme to advise on MOSL's implementation, assurance and testing plans.

Ongoing engagement

MOSL completes ongoing engagement with Trading Parties to ensure that they are kept up to date with proposed amendments and have the opportunity to comment. The final recommendation report details that this includes via planning update meetings which are held monthly with Contract Managers to review the plan and any recent changes, discuss any issues of contention and provide visibility of future milestones. Time is set aside for Trading Parties to ask questions. The slides and a link to a recording of the session is issued to all Contract Managers after each meeting.

MOSL's website has an area [dedicated to the bilateral transactions programme](#), containing plans and meeting documentation (e.g. agendas, slides, minutes, links to recordings of meetings, etc). There is also a 'key documents' area where up to date versions of all the most important programme documents can be found, including links to previous versions where appropriate. Whenever new or updated documents are published on the MOSL website, Contract Managers (or members of other mailing lists) are sent emails with links to the relevant document(s), this provides them an opportunity to comment or raise any questions they may have.

Panel recommendation

The Panel considered this Change Proposal at its meeting on 31 August 2021. 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, proportionality, transparency, seamless markets and non-discrimination⁴. The recommended date of implementation is 22 September 2021 to align with implementation of CPW07a/CPM043a.

The final recommendation report details that Panel Members were broadly supportive and approved the amendments and expressed confidence in the supporting logic for the changes which they considered had been developed in a way that gave the Panel assurance on their efficacy. One member commented that there was logic and structure to the proposals. This member also considered that the proposed amendments are ' tweaks and adjustments' which are a consequence of the agile

⁴ Note that the Panel deliberations occurred prior to implementation of [CPM040/CPW121](#) which amended the principles of the WRC and the MAC. CPM041/CPW121 was implemented on 1 September 2021.

approach of the programme and were sensible changes to align the WRC with the solution.

The final recommendation report details that a Panel Member raised a point of clarification relating to MOSL's responsibilities in relation to centralised OPS reporting once new processes are available in the Bilateral Hub versus Trading Parties' ongoing requirement to continue self-reporting. MOSL clarified that the requirement on Trading Parties to continue to self-report was for a limited time after the launch of each process to enable MOSL to ensure that the data produced by the Bilateral Hub aligns with self-reported data. It is stated that such comparisons would not be possible until there is a live dataset. MOSL indicated it was keen to move to Bilateral Hub reported data as quickly as possible once the necessary checks have been carried out.

Another Panel Member noted that the functionality which is recommended to be moved out of this implementation phase might have provided a check on Trading Party behaviour. This member enquired whether MOSL would still have visibility to raise issues, where necessary, with the Market Performance Committee. It was confirmed that the Bilateral Hub could still allow MOSL visibility of which parties are exhibiting poor practices and that the programme team could work with the Market Performance Committee if required to ensure visibility.

The Customer Representative Panel Member was supportive of the proposal and noted their expectation that the Bilateral Hub will deliver benefits for both the market and customers.

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 recommendation report and have decided to approve the proposal. We have concluded that the implementation of CPW070a-1 will better facilitate the principles and objectives of the WRC detailed in Schedule 1 Part 1 Objectives, Principles and Definitions, and is consistent with our statutory duties. This Change Proposal shall be implemented immediately following implementation of CPW070a/CPW043a on 22 September 2021.

We consider that the proposed amendments advance the primary principle as the arrangements have been developed, and will operate going forward, in a manner which will best promote the interests of, and participation by, existing and future customers. In furthering relevant supporting principles in the manner detailed below, the proposed amendments also contribute to advancing the primary principle.

Changes to improve clarity and consistency

These proposed amendments further the primary principle by delivering longer term benefits including by contributing to better quality and more accurate reporting. The clarifications should ensure that Trading Parties are clear what will be reported and when, including in relation to legacy requests. We acknowledge that there might be short-term administrative burdens for some Trading Parties that are required to self-report against the relevant OPS. However, as an interim measure we consider these impacts are outweighed by the longer-term benefits which can be delivered for existing and future customers as a result of having better quality data in which there can be a high degree of confidence regarding its accuracy. If there are variations between data that is self-reported by Wholesalers and data available from the Bilateral Hub MOSL, we acknowledge that this could be due to inaccuracies in Wholesaler self-reporting. For example, in Project RISE we noted "*Wholesalers' descriptions of their approaches to assuring the quality and accuracy of OPS performance data also varied – incumbents providing water services only (water only companies or WOCs) in particular appeared to take a quite 'light touch' approach*".

Customer interests are also being protected and advanced through the addition of personal data flags to an increased number of Data Items. This should, for example, assist Trading Parties to provide timely responses to subject access requests thereby ensuring compliance with data protection laws. For the reasons given above, this change additionally furthers the **supporting principle of efficiency**.

We also consider that these proposed amendments further the **supporting principle of Transparency and Clarity**. The proposed housekeeping changes deliver benefits to the market and indirect benefits to customers by ensuring clarity which assists Trading Party interpretation and understanding and therefore, application of the WRC. The amendments which have been made to offer clarity and consistency additionally contribute to advancing this secondary principle as changes of this nature help to reduce ambiguity – for example, through the removal of an inconsistency.

Clarification will be offered to Trading Parties via the amendments which confirm system functionality that a Deferral cannot be cancelled and will count as one day in respect of an SLA. We note that there are intended future amendments which will provide functionality to automatically cancel Deferrals, we encourage development of this functionality as part of the next phase.

Changes following testing and Trading Party feedback

We are encouraged to see that the testing of the Bilateral Hub by Trading Parties is proving to be effective. This testing identified an issue relating to deferring a rejected Request. The solution furthers the primary principle as it will have positive benefits for

customers resulting from the likely avoidance of delays to the resolution of their problems which may otherwise have been affected by this issue.

The addition of a new Data Item which enables Wholesalers to arrange flexible customer appointment time slots maintains the industry status quo for appointment booking. This amendment furthers the primary principle by advancing the **supporting principle of efficiency** for the benefit of customers and the market. Trading Parties will not be required to use separate systems to track appointment time slots, providing the potential to reduce the risk of a Trading Party providing incorrect information to customers in circumstances where conflicting information may have been recorded on different systems. The Bilateral Hub has however retained the functionality for fixed one hour appointment slots to be arranged for customers if this is preferable.

Changes due to the agile nature of the bilateral transaction programme

We note that due to the agile nature of the bilateral transaction programme some technical functionality which was included in the solution approved by the Authority's decision on CPW070a/CPM043a has not yet been developed. We recognise that the agile nature of the programme may result in reprioritisation of some deliverables and that the functionality for the relevant activities was, in any case, above the minimum viable product.

In relation to notifications to Affected Trading Parties, there are alternative methods outside of the Bilateral Hub which can be used in the interim to notify Affected Trading Parties of relevant Requests. Therefore, the impacts of removing the relevant code drafting until such time that it has been developed can be mitigated. MOSL has confirmed its intention to include this in the next phase of the programme.

In relation to the time out functionality, Trading Party feedback has highlighted potential administrative burdens to minimise the risk of delays to customer Requests where a response has not been provided. We recognise however, that this process is intended to be introduced as a back-stop to avoid Requests being ignored. We expect Trading Parties to proactively respond to Requests. MOSL has confirmed that these Requests can be tracked by Trading Parties within the Bilateral Hub, meaning they can still be monitored and followed up with the relevant Trading Party in advance of the time out functionality being implemented. In addition, to provide interim mitigation MOSL will provide a report detailing relevant outstanding Requests to Trading Parties. Due to the anticipated benefits of the time out process, flexibility has been retained within the WRC for this to be implemented following notification from MOSL to Trading Parties of the date for implementation, rather than it being necessary for implementation take place as part a future phase of the programme. Noting Trading Party feedback, we consider that in this instance a flexible approach is desirable to

ensure that the efficiency benefits, from which customers and the market will benefit, are achieved as soon as practicable.

Whilst the intended functionality for both the time out process and automated notifications to Affected Trading Parties will likely increase efficiency once available; this functionality will not be developed by the implementation date of CPW070a/CPM043a. Therefore, it is necessary, and in line with the **supporting principle of transparency and clarity**, that the WRC is amended to reflect this.

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