

## Wholesale Retail Code Change Proposal – Ref CPW070b-1 – Phase 3 – bilateral transactions

|                              |  |
|------------------------------|--|
| <b>Modification proposal</b> | Wholesale Retail Code Change Proposal – CPW070b-1 – bilateral transactions |
| <b>Decision</b>              | The Authority has decided to approve this Change Proposal                  |
| <b>Publication date</b>      | 18 January 2022  |
| <b>Implementation dates</b>  | Additional functionality: 2 February 2022<br>B5 Process: 31 May 2022       |

**We are approving this Change Proposal.** Inclusion of the B5 process and the additional functionality improvements proposed by CPW070b-1 should contribute to resolving cumbersome Wholesaler-Retailer interactions, delivering time and cost savings. These time and cost savings will benefit customers who may see improvements in service and more efficient progression of Requests.

### Background and the issue

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. For the majority of operational processes, Trading Parties currently 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 (initially [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 'pathfinders' group to assist with implementation, assurance and testing plans. Further information about these groups can be found on [MOSL's website](#).

Phase 2 of the programme was delivered through implementation of [CPW070a/CPM043a: Phase 2 – Bilateral Transactions](#) and [CPW070a-1: bilateral transactions - supplementary](#). CPW070a / CPM043a established the Bilateral Hub and mandated the use of this for the C1 process (verification of meter details or meter supply arrangements) from 22 September 2021.

This Change Proposal is the first of several that are being progressed as part of delivering phase 3 of the bilateral transactions programme.

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

The [final recommendation report](#) explains that CPW070b-1 is seeking to create enabling code provisions to establish and mandate use of the B5 process (Repair or replacement of a faulty meter performed by the Wholesaler) within the Bilateral Hub. The Change Proposal also seeks to introduce additional functionality that will be commonly used across all processes.

The [final recommendation report](#) highlights that the proposed code documents have been reviewed by MOSL subject matter experts, MOSL legal counsel and recommended by the CAG in line with established programme governance.

### Additional functionality

A summary of the proposed additional functionality is provided in the table below. A more detailed summary of the proposals and the associated legal drafting can be found in the [final recommendation report](#).

| <b>Proposed amendment</b>  | <b>Rationale</b>  |
|--|---|
| Amendments to remove that only the Wholesaler and Retailer associated with a SPID will receive notifications relating to Requests and add provisions to outline that | This will improve the efficiency and effectiveness of the notifications process by ensuring that Affected Trading Parties are |

---

<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>

|  |  |
|--|--|
| <p>automatic notifications will be sent to the Other Retailer and/or Other Wholesaler that may be affected by or associated with the relevant SPID. These amendments are included in the Operational Terms, OSD 0704 (Bilateral Processes for Part C: Confirmation and verification of supply arrangements) and CSD 0601 (Bilateral Data Catalogue).</p>   | <p>notified of Requests and are able to provide comment.</p>   |
| <p>Removal of provisions from OSD 0701 (Bilateral Common Processes), ODS0704 and CSD 0601 which were introduced by CPW070a-1 to delay the introduction of the 'time-out' process. The time out process will be implemented through CPW070b-1.</p>  | <p>Implementation of the time out process will ensure that Requests automatically close if a Retailer does not proactively acknowledge or action them as required. This will help to ensure that Retailers to take ownership of Requests and action them.</p>  |
| <p>To enable reporting on how Deferrals are ending (i.e. whether they are ended manually or automatically via the time-out process), it is proposed that a new Data Item (D8325 – deferral end reason code) is added to CSD 0601 and to Data Transaction 'T124.M - Notify service request deferral ended' therein.</p>   | <p>Enabling this data to be reported on will further increase the transparency around use of Deferrals. Trading Parties can also use this information for management reporting.</p>  |
| <p>Amendments to introduce functionality within the high volume interface of the Bilateral Hub for Outstanding Service Requests to be transferred and specified Request history to be visible to the Incoming Retailer. This mirrors the functionality which is currently available for users of the low volume interface. The following code documents will be amended to achieve these changes: the Operational Terms, CSD 0102 (Registration: Transfers), CSD 0103 (Registration: Cancellation and Erroneous Transfers) and CSD 0601.</p> | <p>The amendments will support improvements to the customer journey in the event of a Transfer where their Retailer is a user of the high volume interface as the risk of Requests not being carried across to the Incoming Retailer is mitigated. This supports a smoother customer experience of the transition and can contribute to avoiding delays to progression of Requests. Additionally, the availability of specified Request history for users of the high volume interface can help Incoming Retailers to better understand issues that customers are / have previously experienced.</p> |
| <p>Introduction of the option for Trading Parties to request suppression of notifications and bespoke reports following a Volume Transfer or interim supply allocation. Amendments will be made to the Operational Terms, CSD 0003 (volume transfer and volume data update) and CSD 0004 (Interim Supply Allocation Process) to achieve this.</p>  | <p>Suppression of notifications can be useful where a large volume of Requests are being transferred to an Incoming Retailer as it can support a more efficient transfer of large volumes, reduce administrative burdens and potential duplication of information.</p>   |
| <p>Other miscellaneous amendments, including for example:</p> <ul style="list-style-type: none"> <li>• Clarification in OSD 0701 that the 'Submit Trading Party Comments' function is to be used to provide service Request updates.</li> </ul>  | <p>These amendments will ensure consistency and improve the clarity of the relevant provisions to avoid ambiguity in the WRC. In most instances these amendments have been made in response to feedback from the OAG, CAG and Trading Parties.</p>   |

|   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Clarification over the intended use of the Data Item 'Non-Household Customer Contact Required' (D8252)</li> <li>• Clarification that communications relating to Requests raised within the Bilateral Hub should occur within the Bilateral Hub and shall also take precedence over information submitted via any other means.</li> <li>• Confirmation that the principles for dealing with outstanding payment in the context of Outstanding Service Requests apply equally both within and outside the Bilateral Hub.</li> <li>• For Data Item 'Missing Meter Additional Info (D8254)', Data Transactions T322.W and T322.M have been added to 'Used in Data Transaction' section. New Data Item 'Plan Agreed Reason Code (D8324)' has been added to support auto 'PLAN AGREED' status update Bilateral Hub functionality.</li> </ul> |  |
|---|--|

## Process B5

The below table includes a summary of the key proposed amendments that are relevant to the B5 process. Further information relating to the proposed amendments, and the associated legal drafting can be found in the [final recommendation report](#).

| <b>Proposed amendment</b>   | <b>Rationale</b>   |
|---|--|
| Move the B5 process from the Operational Terms into OSD 0703 (Bilateral Processes for Part B: Metering).  | To align with the code architecture that was used for the previous process which is mandated for use within the Bilateral Hub (C1), this should support efficient code navigation.   |
| Remove the B5 process from Form B/01: metering activity carried out by a Wholesaler. A reference instead is included to highlight that B5 Requests should be raised through the Bilateral Hub.  | As the B5 process is being incorporated into the Bilateral Hub the Form is no longer required, and should not be used for, new B5 Requests.  |
| Redefine the B5a KPI (Key Performance Indicator). This becomes the B5-1 KPI and includes the existing SLA (Service Level Agreement) which provides five Business Days to update the 'Central Market Operating System' (CMOS). Relevant amendments are included in CSD 0002 (Market Performance Framework) and OSD 0703. | This will simplify the SLA and provide more holistic monitoring of completion of the B5 process. Additionally, merging the five Business Day SLA with the KPI can contribute to improved data accuracy in CMOS as the KPI will not be complete until the required CMOS update has been made. |

|   |  |
|---|--|
| In CSD 0002, the Operational Performance Standard (OPS) B5a KPI is removed from section 4 (table 2) and the B5-1 KPI is added into section 5 (table 3).   | As reporting will be via the Bilateral Hub rather than the self-reporting requirements as set out in section 4 of CSD 0002 being applicable.   |
| A clarification has been introduced in CSD 0002 regarding the requirements around self-report during the first three months from and after the implementation of C1 and B5 processes within the Bilateral Hub. It is clarified that Wholesalers should retain the ability to self-report on these processes during the first three months as if section 4 of CSD 0002 applies, use best endeavours to make calculations in accordance with the revised KPI in section 5 of CSD 0002, and may use centralised data which is available. It is also confirmed that this data does not need to be shared with MOSL, unless it is requested. | This amendment has been made as it is more efficient for Trading Parties to validate the centrally produced OPS data than it is for them to bundle it into their self-reporting, which many did for C1. Clarification will prevent Wholesalers from submitting data which they are no longer required to. However, retention of the requirement to maintain the ability to self-report for the initial three month period following implementation and to use best endeavours to make calculations in accordance with the revised KPI, provides back-stop mitigation should any issues arise with centralised reporting. |
| Amendment to align the Meter fault codes (which are included in OSD 0703) with the RWG good practice guide  | To ensure consistency and clarity regarding the fault codes which are to be used.  |
| Amendment to CSD 0302 to include origin of the data to be included in the 'Bilateral Hub SLA detailed Report' for the B5 process and introduction of an additional field and Data Item to the Report to differentiate between closed and cancelled Requests.  | These amendments ensure that the KPI for the B5 process is incorporated into the 'Bilateral Hub SLA detailed Report'. The addition of the additional Data Item to enable differentiation between closed and cancelled Requests is required because 'closed' Requests will incur an OPS charge if completed late, whereas 'cancelled' Requests will not. There is therefore a need to identify and separate these closure reasons within the Report.  |
| New Data Items and Data Transactions have been added to CSD 0601.   | These have been added to enable the B5 process to be available and function within the Bilateral Hub. A further Data Protection Impact Assessment has also been completed to ensure that any new Data Items relating to the B5 process which may contain personal data are identifiable.   |

## Industry consultation and assessment

The [final recommendation report](#) details that Trading Parties are involved, engaged and receive communications in various forms and at regular stages throughout the programme, including through:

- Advisory groups - There are four advisory groups made up of Trading Parties and other relevant stakeholders. These groups provide expertise to support with the development of the programme. Meeting minutes for each group are available on MOSL's website [here](#).

- Document distribution – The MOSL 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).
- Key documents – There is a ‘key documents’ area on MOSLs website programme documents can be found (including links to previous versions, where appropriate). Contract Managers (and other mailing list members) receive emails with links to documents that are new or have been updated.
- Contract Manager meetings – MOSL hosts monthly planning update meetings. The slides and a link to a recording of the session is issued to all Contract Managers after each meeting.
- One-to-ones – MOSL continues to host one-to-ones with Trading Parties as required, which offer updates and technical support tailored to the individual Trading Party.
- Training – MOSL has designed the Bilateral Hub to ensure minimal training is required. However, there are resources to hand to help Trading Parties learn the system, including printed and short video training materials.
- Query management – the programme continues to use a service desk-style ticketing system.
- Assurance and integration discussions – including technical drop-in sessions and early sight of technical specifications. The assurance process will continue up to implementation. As with phase 2, MOSL will continue to monitor and report on the progress made by Trading Parties towards assurance and implementation. MOSL is working closely with those that may require more support than others and escalating any issues through the programme governance, where appropriate.

## **View of the Customer Representative**

The [final recommendation report](#) includes the view of the Customer Representative, which is as follows:

“We continue to be supportive of the aims and objectives of the bilaterals programme, and the progress being made in improving processes. It is positive that the latest proposed changes remain focused on the customer experience, and clearly demonstrate the benefits that the changes should produce.

We are supportive of the functional enhancements being proposed. Improving visibility of the progress of bilateral requests should allow customers to be more aware of when issues are likely to be resolved and reduce the need for repeat requests. In addition, allowing an incoming retailer to have visibility of the outgoing retailer’s progress made on a request, should result in a more seamless experience for the customer, and again, reduce the need for repeat contact.

We are also supportive of the improvements proposed to the B5 process. If there are delays with repairing or replacing meters, this can result in a reduction of actual meter reads, which ultimately leads to inaccurate customer billing. The changes proposed should improve the accuracy of information being recorded, prompt Trading Parties to ensure that Requests are fully completed before closing and allow correct bills to be issued. An emphasis on creating a more customer-oriented process is welcome, and we will continue to support future process reforms where this has been clearly demonstrated.”

## **Panel recommendation**

The Panel considered this Change Proposal at its meeting on 14 December 2021. It recommended, by unanimous decision, that the Authority approve this proposal. This recommendation has been made on the basis of improving the primary principle of the WRC and the supporting principles of efficiency, transparency and clarity, proportionality, non-discrimination and simple, cost effective and secure. The recommended implementation dates originally discussed by the Panel are:

- 2 February 2022 for the additional functionality amendments
- 31 March 2022 for the B5 process amendments.

Panel Members were supportive of the Change Proposal and commented on the high-quality documentation provided, particularly that the customer impacts were visually represented in the draft recommendation report.

The Panel discussed the implementation timeline and whether this could be flexible to ensure Trading Parties are accommodated as far as possible. The Panel discussed the extent to which all Trading Parties were able to keep pace with the changes being introduced. MOSL explained that feedback following the implementation of the C1 process indicated that some Trading Parties had required more resource than they had anticipated and that the planned implementation timetable would be challenging. MOSL confirmed that the implementation timetable would be considered further by the Bilateral Steering Group at its meeting on 16 December 2021.

## **Implementation timetable**

Through Contract Manager updates and feedback from the pathfinders group, MOSL became aware that a number of Trading Parties, in particular those who chose to use the high volume interface within the Bilateral Hub, were still developing their system requirements for the B5 process at the time of the December 2021 Panel meeting. Additionally, and more generally, MOSL identified Trading Party concerns in relation to the ability to achieve the intended timetable for implementation of future processes (including the B5 process) due to the extent of the assurance, testing and continuous

staffing required to support delivery. MOSL also experienced a two week delay to system development because it became necessary to prioritise resolution of a number of defects which had been identified in the live environment of the Bilateral Hub following implementation of the phase 2 changes.

Further to the above, because of the additional resource requirements which had become apparent during system development, some users of the high volume interface are reported to have indicated that if the intended implementation timeframe was retained, then they would likely need to use the low volume interface for future processes which could result in additional administrative burdens for these Trading Parties.

Subsequent to the Panel meeting on 14 December 2021, a further meeting of the steering group took place. At this meeting the issues relating to the intended implementation timetable for future processes within the Bilateral Hub were discussed and a revised implementation timetable was presented. The steering group agreed to the revised implementation timetable, and as part of this has recommended that the implementation date for the B5 process is amended to 31 May 2022 (rather than 31 March 2022 as recommended by the Panel).

Whilst it is disappointing that not all Trading Parties will be in a position to implement the B5 process amendments by the recommended implementation date of 31 March 2022, it is noted that that the Panel has expressed a wish to accommodate Trading Parties insofar as possible. We also recognise that due to the agile nature of the programme and the assurance, testing and training processes that are necessary to ensure the B5 process can function effectively within the Bilateral Hub (for both the high and low volume interfaces) that it is desirable to amend the proposed implementation date for the B5 process on this occasion. Additionally, we would be concerned if the benefits that can be achieved through implementation of the B5 process in the Bilateral Hub were affected due to issues with Trading Party readiness to implement and if that in turn resulted in negative outcomes for customers.

Therefore, on this occasion, we have decided to approve this Change Proposal with implementation dates of:

- 2 February 2022 for the additional functionality amendments
- 31 May 2022 for the B5 process amendments.

## **Our decision and reasons for our decision**

We have considered the issues raised by CPW070b-1 and the supporting documentation provided in the Panel's Final Report and we have decided to approve this Change Proposal.



We have concluded that the implementation of CPW070b-1 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. We agree with the Panel's assessment against the Principles and Objectives of the WRC.

We consider that this Change Proposal furthers the **primary principle** as it has been developed and will operate in a manner which best promotes the interests of existing and future customers. The inclusion of the B5 process and the additional functionality amendments within the Bilateral Hub will help to improve the efficiency of Wholesaler and Retailer interactions which will contribute to driving better outcomes for customers. The primary principle is additionally furthered through advancement of the supporting principles as we have set out below.

### **Functionality amendments**

The introduction of additional functionality in the high volume interface of the Bilateral Hub to transfer Outstanding Service Requests to the Incoming Retailer following a customer Transfer improves upon the existing arrangements. It significantly reduces the risk that Requests may be lost or not transferred by the Outgoing Retailer and as such will contribute to advancing the **seamless non-household customer experience** principle.

Further, following a Transfer, specified Operational Request Identifier (ORID) data from the preceding 12 months' for a Supply Point will now be visible to the Incoming Retailer, irrespective of the interface that they are using. This could contribute to that Retailer being able to deliver an improved quality of service as they will be able to use historical information to inform decisions when seeking to resolve Requests or issues raised by customers, thereby also advancing the **seamless non-household customer experience** principle.

Introduction of automated notifications to Affected Trading Parties advances the **transparency and clarity** principle by ensuring that Trading Parties that are impacted by a Request are made aware of this quickly and able to provide comment. The introduction of the time-out process can further the principle of **efficiency** as it will help to ensure that Requests are proactively acknowledged and support timely progression of Requests. MOSL is also able to monitor and report on Requests that automatically time-out which can help to identify performance issues.

The functionality amendment to enable suppression of notifications following a bulk Transfer should avoid duplication of information and allow Trading Parties to focus on matters more likely to contribute to the efficient transfer of the relevant customers. This functionality will therefore contribute to advancing the **efficiency** and **seamless non-household customer experience** principles.

## Process B5 amendments

Inclusion of the B5 process (repair or replacement of a faulty meter) within the Bilateral Hub should drive **efficiency** and improvements in the progression of this type of Request. Improved efficiency can result in positive impacts on the service delivered by Retailers to their customers, both in terms of quality, timeliness and potential costs savings could also be passed on to customers.

Mirroring the code architecture used to introduce the C1 process into the Bilateral Hub should help to improve the **efficiency** of code navigation for Trading Parties and advance the principle of **transparency and clarity**. The principle of **transparency and clarity** is additionally furthered by alignment of meter fault codes with those set out in the RWG guidance and this should further reduce ambiguity.

The Bilateral Hub includes validation rules which can help to maintain data integrity and therefore further the principle of **simple, cost effective and secure**. MOSL has confirmed that following implementation of the C1 process in the Bilateral Hub, there has been a reduction in the number of rejected Requests (from 19% to 4%). It is anticipated that the incorporation of the B5 process into the Bilateral Hub can also contribute to a reduction in the rejection rate. Reduced levels of rejection for the B5 process can result in **efficiency** gains as increased numbers of requests are accepted on the initial submission and do not need to be resubmitted.

Further to the above, the Bilateral Hub will ultimately remove the requirement for self-reporting under the Market Performance Framework for the B5 processes. This will improve the **transparency and clarity** of data as well as the **efficiency** of the reporting and monitoring processes for both Trading Parties and MOSL. The ease of access to this information, supported by improved accuracy, can be used to identify performance issues and drive market improvement initiatives, including potentially more targeted incentives under a reformed Market Performance Framework. Improvements which can be achieved through better reporting and monitoring of Trading Party performance, combined with effective action from Trading Parties, can contribute to better customer outcomes.

The amendments to the B5 KPI and SLA will provide more holistic monitoring of completion of the B5 process within the Market Performance Framework and should contribute to more timely updates to CMOS, therefore contributing to improving data integrity and thereby the principle of **simple cost effective and secure**. We note that by merging the KPI associated with OPS B5a for the meter repair and replacement (22 Business Days) with the SLA in the Operational Terms to update CMOS (5 Business Days), this results in a new KPI covering the entire process (27 Business Days). We have considered whether a more stretching KPI would be in customers interests' but note that the entire Market Performance Framework is being reformed and, in this instance,

have concluded that it would be more efficient and appropriate to assess whether standards sufficiently stretching as part of that review.

Finally, the principle of **non-discrimination** is furthered by this Change Proposal as it will deliver a standardised solution and processes that are available to all Trading Parties. This should reduce uncertainty for existing Trading Parties and reduce any actual or perceived barriers to entry for new entrants into the market, thereby additionally advancing the **continued development and sustainment of an effective market** principle.

## **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**