

## Wholesale Retail Code Change Proposal – Ref CPW070c – Phase 3 – bilateral transactions

<b>Modification proposal</b>	Wholesale Retail Code Change Proposal – CPW070c – bilateral transactions
<b>Decision</b>	The Authority has decided to approve this Change Proposal
<b>Publication date</b>	30 March 2022
<b>Implementation dates</b>	31 May 2022

### We are approving this Change Proposal.

Inclusion of the F4 (enquiries), F5 (complaints) and G1 (Trade Effluent enquiries) processes should contribute to resolving cumbersome Wholesaler-Retailer interactions, delivering benefits (time and cost savings) for Trading Parties as well as customers. Introducing the Wholesaler-initiated elements of the F4 and F5 processes will further improve process efficiency and in turn may benefit customers through improvements in service and more efficient progression and resolution of Requests.

## Background and the issue

The communications and interactions 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 experience and 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.

The first Change Proposal of Phase 3 was recommended to the Panel in December 2021. [CPW070b-1](#) set out additional functionality and the B5 process (Meter Repair or Replace) and was approved in January 2022 for implementation in two stages on 2 February and 31 May 2022.

This Change Proposal is the second of several that are being progressed as part of delivering phase 3 of the bilateral transactions programme to further incorporate processes into the Bilateral Hub.

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

The [final recommendation report](#) explains that CPW070c is seeking to create enabling code provisions to establish and mandate use of the F4 process (Non-Household Customer enquires), F5 process (Non-Household Customer complaints) and G1 process (Trade effluent enquiries) within the Bilateral Hub. The Change Proposal also seeks to amend the code to reflect the practice within the market whereby Wholesalers initiate F4 and F5 processes even though existing code provisions require the Retailer to do so.

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

In addition, the Change Proposal sets out a change to a transaction within the B5 process (Repair or replacement of a faulty meter performed by the Wholesaler) that has not yet been implemented in the Bilateral Hub.

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.

The below table includes a summary of the key proposed amendments that are relevant to the F4, F5 and G1 processes. Further information relating to the proposed amendments, and the associated legal drafting can be found in the [final recommendation report](#).

Proposed amendment	Rationale
<p><b>Amendment to code architecture for the F4, F5 and G1 processes.</b></p> <ul style="list-style-type: none"> <li>Process steps moved out of the Operational Terms and into the relevant sections of OSD (Operational Subsidiary Document) 0707 and OSD 0708</li> </ul>	<p>This approach is consistent with the code architecture for the previous processes, C1 and B5, and in line with OAG and CAG recommendations.</p>
<p><b>Updates to F4, F5 and G1 process diagrams.</b></p> <ul style="list-style-type: none"> <li>Process flow diagrams for F4 F5 and G1 are moved to OSD 0707 and the process flow diagram for the G1 process has been moved to OSD 0708.</li> </ul>	<p>This approach is consistent with the code architecture for the previous processes, C1 and B5, and in line with OAG and CAG recommendations.</p>
<p><b>Specific process steps to complete F4 and F5 processes.</b></p> <ul style="list-style-type: none"> <li>New Wholesaler-initiated versions of F4 &amp; F5 created and the F4 and F5 timeframes which were not explicitly laid out in the Operational Terms are now clear SLAs within tables in OSD 0707.</li> <li>Incorporated process diagrams for F4 and F5 processes to simplify code navigation.</li> </ul>	<p>Wholesaler-initiated versions of the F4 and F5 processes have been created to reflect that Wholesalers often initiate F4 and F5 processes because it provides for a better customer journey instead of referring an unhappy customer back to their Retailer when the Wholesaler is best placed to progress the matter. Removing the requirement (though still allowing the option) for Wholesalers to refer customers to their Retailer should contribute to improved customer experience and reduced waiting times for resolution of complaints and queries. A more robust F5 Operational Performance Standard (OPS) ensures that Wholesalers are held to a performance standard until they provide a substantive response.</p>

	The ability to track and report on whether there is a follow-on action following a complaint or enquiry provides a better dataset to drive improved outcomes for customers.
<p><b>Specific process steps to complete G1 Process</b></p> <ul style="list-style-type: none"> <li>• The F4 and F5 process have a new Data Item to indicate if there is a follow-on process or additional work to do.</li> <li>• G1 timeframes are now clear SLAs within tables in OSD 0708.</li> <li>• Incorporated Annex diagram for G1 process to simplify code navigation.</li> </ul>	Standalone OSD incorporates redesigned G1 process steps into existing steps taken from the Operational Terms, process flow diagrams and SLA table. The ability to track and report on whether there is a follow-on action provides a better dataset to drive improved outcomes for customers.
<p><b>Changes to KPIs and centralised reporting</b></p> <ul style="list-style-type: none"> <li>• F5 Operational Performance Standard (OPS) strengthened so there is no longer a Wholesaler ability to satisfy an OPS by invoking GSS rules and indicating that it is unable to provide a substantive response. Wholesalers can defer, if necessary, but within the MPF they must provide a substantive response.</li> <li>• Removed F5 related OPS measures from Section 4 (which sets out Trading Party reportable OPS) and added new F5-2 OPS measure to Section 5 (centrally reportable OPS).</li> </ul>	Streamlines two OPS measures (F5a, F5b) into one (F5-2 which is more outcome focussed) in line with OAG preference and MPF subgroup direction of travel and in keeping with C1 and B5 processes. Without this change, where the Wholesaler determines, they needn't respond to a complaint (rightly or wrong as per the exemptions set out in GSS), there is no subsequent standard to ensure a substantive reply is ever given to the customer. F5-2 creates a requirement to always respond substantively.
<p><b>Standing Reports and data extracts provided by the Market Operator on a systematic basis.</b></p> <ul style="list-style-type: none"> <li>• Improvements have been made to the Bilateral Hub SLA Detailed Report, incorporating F4, F5 and G1 processes.</li> </ul>	New Data Items will be brought online which need to be identified as part of standing Reports.
<p><b>Data catalogue (Data Items and Data Transactions) that underpin bilateral transactions.</b></p> <ul style="list-style-type: none"> <li>• New Data Items and Data Transactions have been identified across incorporated processes.</li> </ul>	New Data Items and Data Transactions are needed to enable new processes to function within the Bilateral Hub and must be identified as part of CSD 0601 Bilateral Data Catalogue to facilitate Trading Party development, training, and reporting.
<p><b>Initiating F4, F5, and G1 processes within the Bilateral Hub</b></p> <ul style="list-style-type: none"> <li>• F/01, F/02 and G/01 forms to be withdrawn as the initiation method.</li> </ul>	Requests for these processes should no longer be initiated through Forms following implementation into the Bilateral Hub because initiation will be

	done via the Hub's Low Volume Interface (LVI) or through integration with Trading Party systems where the High Volume Interface (HVI) is being used.
<b>Amendment to B5 process to provide Transaction efficiency</b> <ul style="list-style-type: none"> <li>Amended data transaction for process B5 and CSD 0601 amended accordingly</li> </ul>	Data transaction T353.W was developed to work for the B5 process, but it was later recognised that if it was made more generic, this Data Transaction could be used for several future processes, and therefore T224.W replaced T353.W.

## 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 MOSL's 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 are particularly supportive of the proposed Wholesaler-initiated F4 & F5 processes. Where wholesalers are able to handle complaints and queries directly, it is logical from a customer perspective to allow them to address the issue, while keeping the Retailer informed. Customers being re-directed unnecessarily from Wholesaler to Retailer results in a poor experience for the customer, so this change is positive.

While allowing Wholesalers to handle certain requests has benefits for customers, it would be inappropriate for them to attempt to address issues better dealt with by Retailers. We are not advocating being prescriptive in terms of the issues Wholesalers can deal with, but the division between Retailer and Wholesaler responsibilities should be clear so as to avoid a poor experience for the customer. We would urge MOSL to include wording within the relevant process which addresses this point.

In the event of a Wholesaler-initiated process, it is positive that there is a requirement for the retailer to be informed of the proposed resolution. However, if the customer has contacted the Wholesaler directly, it would be a better experience if the wholesaler responded rather than the Retailer. While it may not be the best place to reflect this in a process governing Retailer and Wholesaler transactions, we would urge for best practice guidance to be developed in this area to ensure that customer confusion is avoided. This may be something that the RWG could look to develop if this change proposal is approved.”

### **Panel recommendation**

The Panel considered this Change Proposal at its meeting on 31 January 2022. 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 Panel noted a proposed change to CSD 0601 raised after the papers were circulated and recommended the updated version of CSD 0601 (i.e. v1.3.4) for approval. The recommended implementation date is 31 May 2022.

Panel Members were supportive of the Change Proposal and commented that it was encouraging to see the potential for positive impacts on customers.

The Panel discussed the likely levels of Wholesaler engagement in the proposed Wholesaler initiated complaints process as outlined in the proposed change. MOSL explained that there was full Wholesaler buy-in to the proposed change that had been identified at the Operation Advisory Group. The Panel also discussed how Retailers would ensure they have oversight of complaints that they have not initiated. MOSL explained that the Bilateral Hub notification system will inform Retailers when a complaint service request has been initiated and would then be able to contact the Wholesalers with concerns if they had any.

Another Panel member noted that if monitoring showed that behaviours were changing in ways that were undesirable and the wrong Trading Parties were picking up the wrong types of complaints, there were mechanisms (e.g. RWG complaints guidance) that could address this.

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

We have considered the issues raised by CPW070c 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 CPW070c 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 F4, F5 and G1 processes along with the changes to the Wholesaler initiated complaints process within the Bilateral Hub will help to improve the efficiency of Wholesaler-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 the F4, F5 and G1 processes into the Bilateral Hub will allow customer-initiated complaints and enquiries to be managed in a consistent manner across Trading Parties. The amendments to enable the Wholesaler-initiated component of the F4, F5 and G1 processes will improve efficiency and ensure that where a customer contacts a Wholesaler directly, that customer will not be referred back to the Retailer (and back again should there be queries). The inclusion of these processes in the Bilateral Hub will improve the effectiveness of the interactions between Wholesalers and Retailers, reducing the associated costs with managing market

frictions. This functionality will therefore contribute to advancing the **efficiency and seamless non-household customer experience principles**.

The Bilateral Hub includes data validation rules to improve the quality and data integrity of information submitted into the hub; this should reduce the likelihood of work not going ahead due to incomplete information, advancing the **Simple, cost effective and secure** principle. The incorporation of automated notifications to Affected Trading Parties in relation to service requests, including the F4, F5 and G1 processes advances the **transparency and clarity** principle by ensuring that Trading Parties who are impacted by a Request are made aware of this quickly enabling them to collaborate and progress it more quickly.

This solution will re-use Data Transactions and Data Items developed for processes which have already been implemented in the Bilateral Hub. We also support the 'miscellaneous amendments' to the as yet implemented B5 process in respect of the 'advise process delay' Data Transaction allowing that Data Transaction to be used for similar process delays which will also allow this approach to be taken to future similar processes. In this respect the Change Proposal furthers the principle of **Simple, cost effective and secure** as the code architecture is kept as simple as possible.

We further support these changes to the Bilateral Hub as it will provide greater visibility of Service Requests and their resolution. This will allow improved monitoring and reporting of these Requests which pass through the Bilateral Hub, which in turn can help to identify both Trading Party as well as market-wide performance issues in real time.

We have reviewed the changes in respect of MPF charges and support the addition that Wholesalers must respond to queries even when they may not necessarily be positioned to resolve the issue. In these circumstances signposting a Customer to their Retailer would not be a time intensive task yet it would significantly help the customer. We therefore consider that these changes advance the principles of **seamless non-household customer experience** and **Proportionality**.

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**