

Wholesale Retail Code Change Proposal – Ref CPW070d – Phase 4 – bilateral transactions

Modification proposal	Wholesale Retail Code Change Proposal – CPW070d – bilateral transactions
Decision	The Authority has decided to approve this Change Proposal
Publication date	26 May 2022
Implementation dates	2 August 2022

We are approving this Change Proposal.

Inclusion of the B1 (meter installation), B3 (meter testing) and B7 (meter change) processes will contribute to resolving cumbersome Wholesaler-Retailer interactions, delivering benefits (time and cost savings) for business customers and Trading Parties. The amendment to B5 (meter repair or replace) reduces and aligns its associated Operational Performance Standard (OPS) to the proposed B1 and B3 processes and will provide business customers with a more consistent experience and allow Trading Parties to better manage customer expectations.

Data quality will be improved by incorporating processes B1, B3 and B7 into the Bilateral Hub. Transactions will be completed in a more consistent manner with validation rules in place to ensure data integrity.

The solution centralises reporting which includes OPS reporting, improving accuracy, efficiency and reducing the burden on Trading Parties.

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.

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. [CPW070c](#) set out the introduction of the F4 (enquiries), F5 (complaints) and G1 (Trade Effluent enquiries) to the Bilateral Hub and also a Wholesaler-initiated element to the F4 and F5 processes to improve efficiency.

This change is the first of phase 4 of the bilateral transactions programme to further incorporate processes into the Bilateral Hub.

The Change Proposal¹

The [final recommendation report](#) explains that CPW070d is seeking to create enabling code provisions to establish and mandate use of the B1 process (meter installation), B3 process (meter testing) and B7 process (meter change) within the Bilateral Hub. The Change Proposal also seeks to amend the OPS for the B5 process which was approved in December 2021 but has not yet been implemented, to align with the performance standards for B1 and B3.

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 B1, B3 and B7 processes. Further information relating to the proposed amendments, and the associated legal drafting can be found in the [final recommendation report](#)

Proposed amendment	Rationale
Amendment of code architecture Schedule 1 Part 3 Operational Terms Process steps for Processes B1, B3, and B7 have been moved from the Operational Terms to OSD 0703 (Bilateral Processes for Part B) and replaced with signposting to the relevant Operational Subsidiary Documents (OSD's).	This is consistent with the code architecture for the previous processes and in line with OAG and CAG recommendations. OSDs provide a single key reference for a family of processes (e.g. step-by-step processes, SLAs, process flow diagrams). This simplifies the code structure and improves efficiency of code navigation for Trading Parties.
Updates to process diagrams Annex B – Process Diagrams Process flow diagrams for B1, B3, and B7 have been incorporated into OSD 0703. Diagrams have been removed from Annex B.	
Changes to process steps OSD 0701 Bilateral Common Processes Process steps for a non-standard quote inserted into OSD 0701.	CAG recommended that as non-standard quotes would become a common process applying to multiple processes, inserting them into OSD 0701 prevents duplication as the process need not appear in

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

<p>OSD 0703 Bilateral Processes for Part B - Metering</p> <p>Process steps inherited from Operational Terms, reviewed by MOSL and OAG. Language sense-checked by CAG.</p> <p>Processes get the same robust resubmission, closure and deferral rules that were integrated into previous processes.</p> <p>Non-standard quote built into B3 to create consistency with B1 and B7. Clarification under which scenario B5 or C1 should be the follow-on process SLAs streamlined:</p> <ul style="list-style-type: none"> • 3-day SLA removed • Formalised SLAs created from existing code obligation (e.g. providing meter test results) with clear start and end triggers • These SLAs incorporated clear SLA tables. • Non-standard quote acceptance decreased from 3 months to 30 business days (bd) <p>Incorporated process flow diagrams for B1, B3 and B7 that were previously in separate annex.</p>	<p>multiple sections of multiple documents.</p> <p>In keeping with previous Bilateral changes, a full review of process steps and the language used to describe them was done to make codes clearer and adapt them to the Hub.</p> <p>OSDs are a single-reference document for TPs containing helpful learning and training sections like flowcharts, SLA tables, and process steps.</p>
<p>Changes to OPS and centralised reporting</p> <p>CSD 0002 Market Performance Framework</p> <p>B1, B3 Operational Performance Standard (OPS) streamlined to be end-to-end processes.</p> <p>OPS combined into end-to-end standard where the metering activity (20bd) and CMOS update (5bd) are a single 25bd standard.</p>	<p>This is consistent with changes to previous processes where the activity and CMOS update are combined into one end-to-end OPS.</p> <p>Clear customer-outcome focused OPS makes it easier for Retailers and NHH Customers to understand when Requests are finished.</p> <p>Reporting centrally should improve the quality of information available and also removes burden on Wholesalers to self-report. (See rationale for OPS alignment below table)</p>

<p>B1, B3 OPS aligned to 25bd timeframe</p> <p>OPS centrally-reported instead of self-reported</p>	
<p>Standing reports and data extracts</p> <p>CSD 0302 Standing Reports and Data Extracts</p> <p>Additional drafting to explain the origin of data for the Bilateral Hub SLA Detailed Report, incorporating B1, B3 and B7 processes.</p>	<p>New Data Items will be brought online which need to be identified as part of standing reports.</p> <p>Availability of a more robust dataset can also be used to inform market improvement initiatives to drive better customer outcomes.</p>
<p>Data catalogue items</p> <p>CSD 0601 Bilateral Data Catalogue</p> <ul style="list-style-type: none"> • Processes B1, B3 & B7 added to CSD 0601 • New transactions for B1, B3 & B7: T220.W, T220.M, T221.R, T221.M • New transaction for B1 & B7: T223.W, T223.M • New transactions for B1: T353.R, T353.M • New transactions for B3: T355.R, T355.W, T355.M, T356.W, T356.M, T357.W, T357.M • New transactions for B7: T365.R, T365.M • Various new or amended Data items or Valid sets (i.e. values for each data item) 	<p>New Data Items and Data Transactions added to enable processes to function within the Bilateral Hub and must be identified as part of CSD 0601 Bilateral Data Catalogue to facilitate TP development, training, and reporting.</p> <p>The Data Items will allow MOSL and TPs to do more detailed analysis of asset fixes and asset data corrections. A Data Protection Impact Assessment (DPIA) is being undertaken as it was for previous implementations to ensure that new Data Items are identifiable should they contain or lead to personally identifiable data.</p>
<p>Initiating processes</p> <p>B/01 Form amended to indicate that B1, B3 and B7 should no longer be initiated using this form.</p>	<p>Requests for these processes must be initiated via the Hub's web portal or through integration with TP systems. B/01 form is often cited as one of the most cumbersome and Trading Parties at OAG are keen to see it retired. Removing B1, B3 and B7 from the form will assist this.</p> <p>Bilateral Hub will validate data ensuring better quality information is sent from Retailer to Wholesaler and fewer Requests are subsequently rejected. Provides a more seamless experience for Non-Household Customers.</p>

<p>Amending B5 process OPS</p> <ul style="list-style-type: none"> • OSD 0703 Bilateral Processes for Part B - Metering / CSD 0002 Market Performance Framework • OPS changed to 25 business days from 27 business days 	<p>Explanation as above.</p>
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Rationale for OPS alignment

The rationale for aligning OPS is set out in the [final recommendation report](#). As with previous Bilateral changes, SLAs (including OPS) were reviewed to consider whether they remained fit for purpose and should be integrated into the Bilateral Hub. This is the first Bilateral Change Proposal that seeks to amend the end-to-end timeframes for an OPS measure. The OAG supported this proposed change for a number of reasons:

1. There are inconsistencies in the allowed number of business days for very similar processes that creates confusion and the potential for poor customer experience. (e.g. B3 process would have had both a 25 and 27 business day OPS depending on the route the Request takes, other processes that have site visits or desk research will allow 25 business days).
2. Inconsistency adds time and cost to the development and testing of the Hub.
3. There was no compelling explanation for the inconsistency and if redesigned from scratch, both Retailers and Wholesalers agreed the OPS should be the same for similar processes.

Impact of OPS alignment

The impact of OPS alignment is also set out in the [final recommendation report](#). Primarily the impacts are stated as:

1. Re-negotiation of SLAs with contractors for these requests may not be possible given the timescale of CPW070d. However, Wholesalers have accepted that the new end-to-end OPS includes 5 business days that were previously used to update CMOS and now could be utilised to complete fieldwork. No Wholesaler thought they would fail OPS more often due to this change.
2. Customers would benefit from an overall reduction in the maximum time that a B1, B3 and B5 process could take (25 instead of 27 business days), while Wholesalers, if necessary, could still permit their contractors to take 22 business days to do fieldwork, as long as the Wholesalers updated CMOS in three business days or less.

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 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 demonstrate the benefits that the changes should produce. In terms of the Primary Principle, we agree that customers interests should be better protected by the improved oversight of processes in the Bilaterals Hub. In addition, clearer code drafting for Trading Parties should increase understanding of how and when raise requests should be raised, which may improve the overall customer experience.

We are supportive of the changes being made to the B1, B3, & B7 processes. Given that these relate to the installation and maintaining of meters, they have a direct customer impact, so it is important they operate smoothly. Validation of data through the Hub should help to ensure good quality information is passed between Trading Parties, which may reduce request rejections. This should benefit customers in the form of a more efficient service, with less delays. In addition, the streamlining of SLAs may improve the customer experience, both within this process, and in others that have transferred to the Hub. A consistent timeframe across similar processes should benefit some customers in the form of clearer expectations, and better understanding, of service levels.

It is positive that the ‘non-standard quote’ acceptance timescale is now built into all these processes, as we agree this improves consistency. In addition, reducing the timeframe from 90 to 30 days may result in quicker conclusions for customers, while still allowing a substantial period for them to seek more information, and challenge quotations if necessary.

We also support the development of the interim guidance to mitigate the risks of bulk submissions of requests in the Bilateral Hub. Trading Parties unnecessarily ‘stockpiling’ requests could be detrimental to the customer in the form of resolution delays, so guidance in this area is therefore welcome. An enduring solution to this issue is also needed, so we therefore welcome the ongoing work in this area.”

Code Change Committee recommendation

The Code Change Committee (CCC) considered this Change Proposal at its meeting on 29 March 2022. It recommended, by unanimous decision, that the Authority approve this proposal. The recommended implementation date is 2 August 2022.

The CCC agreed with the proposer that this change furthers the **primary principle**. The standardisation of bilateral transactions, along with the alignment of operational performance standards protects the interests of Non-Household customers by ensuring Trading Parties work together to effectively improve outcomes for customers.

Greater visibility of performance and centralised reporting support the **transparency and clarity** principles by allowing MOSL to publish more accurate and robust data relating to the implemented processes.

As with previously implemented processes, the addition of B1, B3, B7 to the Bilateral hub will allow Trading parties to transact in a more consistent manner and communication between those parties will be improved thus furthering the **simple, cost effective and secure** and **efficiency** principles.

Our decision and reasons for our decision

We have considered the issues raised by CPW070d and the supporting documentation provided in the CCC's Final Report, and we have decided to approve this Change Proposal.

We have concluded that the implementation of CPW070d 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 B1, B3 and B7 processes within the Bilateral Hub will help to improve the efficiency of Wholesaler-Retailer interactions, making them quicker and more consistent across the market which will contribute to driving better outcomes for business 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 B1 B3 and B7 processes will allow Trading Parties to undertake the associated transactions in a consistent and efficient manner through the Bilateral Hub. This will avoid Wholesalers and Retailers from incurring unnecessary costs associated with managing multiple and inconsistent processes across Trading Parties, which may ultimately be passed onto Non Household customers and would likely impact on those customers' experience. 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 integrity of the data 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**.

These changes to the Bilateral Hub, as with the previous processes that have been implemented, will provide greater visibility of Service Requests and their resolution. This will allow improved monitoring and reporting of these Requests which pass through the Hub, which in turn can help to identify both Trading Party as well as market-wide performance issues in real time.

OPS Alignment

We support the alignment of the Operational Performance Standard for the B5 process to that of the B1 and B3 processes (27 business days to 25 business days). We agree that by having different OPS for similar processes there is the potential for confusion to arise and in turn inconsistent customer experience. We note that Trading Party feedback indicates support for this approach and we consider that it furthers the **simple, cost effective and secure** principle.

Whilst we support alignment of the OPS for the purpose of this Code Modification, we do think these standards need to be reconsidered as part of work to reform the Market Performance Framework. For example, it is not clear to us whether the current timeframes for completing OPS tasks reflect customer requirements or best practice in other relevant sectors.

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 and complexity 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