

Wholesale Retail Code Change Proposal – Ref CPW070f – Phase 4 – bilateral transactions

Modification proposal	Wholesale Retail Code Change Proposal – CPW070f – bilateral transactions
Decision	The Authority has decided to approve this Change Proposal
Publication date	28 July 2022
Implementation dates	2 August 2022

We are approving this Change Proposal. This includes changes that supersede elements of our previously published CPW070d decision.

This change does three things, which are summarised here and explained further in the background section of this document (there are no new processes being introduced into the Bilateral Hub as a result of this change):

- 1) It delays the implementation date for process B3 in the Bilateral Hub that was published as part of our decision on CPW070d. This is to ensure that adequate testing has taken place on the relevant parts of the hub. This will reduce the risk of defects within the hub which could affect Trading Parties abilities to raise service requests or adhere to SLA's that will have a negative impact on customers. MOSL have confirmed that the delay to the B3 process implementation should not cause subsequent delays to the Bilateral Hub programme.
- 2) It provides an enduring solution to the management of the bulk upload of service requests within the Bilateral Hub (Previously proposed in CPW070e). By implementing the solution, principles will be put in place in code that protect customers from the effects of stockpiling requests and Trading Parties submitting them without giving their counterparty adequate notice. The solution will benefit customers whilst also supporting the aim of improving data quality in the market.
- 3) It makes housekeeping changes and provides clarification on issues that have been identified by 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).

This change proposal is one of a number of proposals in phase four (of six) in the Bilaterals programme and covers amendments to a previous agreed change.

1) CPW070d amendments

CPW070d sought to implement three processes into the Bilateral Hub. These were B1 (meter installation), B3 (meter testing) and B7 (meter change). This change proposal was recommended for approval by the Code Change Committee on 29 March 2022 and subsequently approved by Ofwat, with an implementation date of 2 August 2022.

A delay in the development of the B3 process within the Bilateral Hub has reduced the available testing time, specifically for Trading Parties who have chosen to use the low volume interface web portal. Should the implementation date remain as 2 August 2022, as originally set out in CPW070d, without the adequate testing being undertaken there is an increased risk of defects being introduced into the live system.

2) Bulk Submissions

Bilateral transactions should be raised as a service request when they are received, whether they are received from customers or as part of routine activity and dealt with by the Trading Parties as appropriate.

The Bilateral Hub has been developed with an interface that can be used to send a large volume of requests at any one time, or in multiples across a short timeframe. This has the potential to cause Trading Parties problems in dealing with those requests should they not be given sufficient notice of this happening. This would impact customers should those requests not be dealt with in a timely manner, with the potential for process delays and breaches of Service Level Agreements (SLA's).

In April 2021 CPW067 'Bulk Submission of Service Requests by MS Excel' was sent back to the Panel (now Code Change Committee) for further consideration. However, it was recognised that there were legitimate circumstances where uploading requests in bulk would have market benefits such as multi-site SPIDs, SPIDs all experiencing the same issue, and for bespoke one-off data cleansing activities.

To counter these issues that had been raised by the Codes Advisory Group (CAG) in September 2021, interim bulk submission guidance was developed to help avoid poor behaviour through, for example, stock piling bilateral submissions, but also to support the aims of improving data quality in the market through bulk submission of requests. The guidance made clear that high impacting requests should never be stored up and submitted in bulk due to the customer impact that this would have. An enduring solution was required to address this issue.

3) Housekeeping changes

Following the approval of CPW070d, some typos and incorrect labelling on flow charts have been identified by the CAG and Trading Parties.

The Change Proposal¹

CPW070f seeks to provide a solution to the three issues outlined above. This being to:

- 1) Delay the implementation date for the B3 process within the Bilateral Hub.
- 2) Provide an enduring solution within the relevant code documents that addresses bulk submission issues. The enduring solution outlined in the [Final](#)

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>

[Recommendation Report](#) recognises that Trading Parties can, and should, already enter into bespoke agreements with each other where large volumes of requests are submitted and ensure resolution with the full agreement of both parties. The solution also sets out parameters for reasonable volumes of requests to discourage the stockpiling of requests. The solution also aims to improve communication on bulk submissions and drive good Trading Party behaviour when dealing with these volumes of submissions. This is expanded upon further below.

- 3) Address the housekeeping issues identified such as typos and incorrect labelling of flowcharts.

Bulk Submission code drafting considerations

The solution as proposed sets out code amendments to direct how Trading Parties manage large volumes of Bilateral Transactions. These code amendments will ensure Trading Parties avoid 'stock piling' and submitting large numbers of requests at once. Requests will be submitted in manageable volumes with good communication between both sides before submission. It also introduces a framework for disputes for recipients of requests should these rules not be followed.

The [Final Recommendation Report](#) sets out proposed amendments to Operational Subsidiary Document (OSD) 701. One of which refers to a 'bespoke agreement template', which is not a code document. This template will allow Trading Parties to record the details of these bespoke arrangements to share large volumes of requests and provide an audit trail should there be any disputes raised at a later date.

Deferrals

The Change Proposal sets out a technical limitation in the Bilateral Hub relating to deferrals. It states how the current limitation of 30 business days on deferrals for service requests was raised as a potential problem for Trading Parties who could be managing large volumes of requests as part of bulk submissions. The issue as stated in the [Final Recommendation Report](#) is that a Trading Party could possibly have to renew deferrals many times over the length of a bespoke agreement which can have completion dates months into the future and create administrative burden.

MOSL explored suggested alternatives of:

- Amending the development of the Bilateral Hub to allow users to specify end dates in line with the bespoke agreements, whilst leaving 'business as usual' deferrals at the 30 business days.
- Removal of the 30 business day limit entirely and relying on market codes to employ a deferral of no more than 30 business days unless in the case of a bulk submission.

Both of these options were discounted by MOSL following consultation with the CAG due to both the technical restrictions of the Bilateral Hub and also the time available to develop this approach under CPW070. The Change Proposal also states that whilst

these concerns were recognised, they were not shared by all Trading Parties and therefore should not halt the progress of the Bulk Submission Solution.

The [Final Recommendation Report](#) also sets out the view that given the stated restrictions, the Change Proposal still provides a more favourable solution. It sets out a detailed framework for how Trading Parties effectively manage project work both in terms of providing adequate notice of the intention to raise the work and encouraging the staggering of large volumes of requests into manageable chunks. It provides an option for Wholesalers to defer work by agreement with the relevant Retailer and provides a better reporting mechanism to review trends. It also introduces a framework whereby recipients of requests can raise a dispute, should the sender not follow the bulk submission rules.

The following tables set out the key amendments to code documents that incorporate the solutions outlined in the Change Proposal. They have been split into the B3 process implementation, code document changes and clarifications / housekeeping changes. Full detail can be found in the Final Recommendation Report.

B3 Process implementation

Code document affected and detail of amendments	Rationale
<p>Delaying the implementation of process B3 in the Bilateral Hub</p> <p>Operational Terms OSD 0703 CSD 0302 CSD 0002 CSD 0601 Form B/01 Annex B</p> <p>Legal drafting to make it clear that process B3 is being delayed</p>	<p>Due to B3 not having the required testing and assurance in the hub, there is a higher risk of defects and therefore should not be implemented until this requisite testing has been undertaken. The code makes it clear that B3 is not to be implemented until instructed. This does not however preclude Retailers from building the B3 process to the code specification ahead of this time.</p> <p>The B3 process legal text will not need to be re-written via a further code modification at a later date as the legal text is retained in the Market Codes, albeit with delaying provisions that they will only become effective once the B3 solution is ready and the Market Operator informs the Trading Parties that the B3 processes must be performed in the Bilateral Hub.</p> <p>Further safeguards are contained within the code that the Market Operator must give forty days' notice ahead of the go-</p>

	live date for the B3 process to give Trading Parties sufficient time to be able to be able to adapt to the new processes.
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Bilateral Submission Guidance

Code document affected and detail of amendments	Rationale
<p>Wholesale Retail Code Schedule 1 Part 1: Objectives, Principles and Definitions</p> <p>References to the bilateral submission guidance have been removed and additional definitions added</p>	<p>Bilateral submission guidance will be replaced by the enduring solution which better addresses the issue and provides clarity for Trading Parties</p> <p>Updated definitions support this clarity</p>
<p>Schedule 1 Part 3: Operational Terms</p> <p>References to the bilateral submission guidance have been removed. Section 2.2.4 to 2.2.8 sets out the high-level principles of the enduring solution for managing request submissions.</p>	<p>Important information about Bilateral Submission will also be more clearly accessible principally in OSD 0701</p>
<p>OSD 0701 Bilateral Common Processes</p> <p>New section 16 sets out the details of the enduring solution for managing request submissions.</p>	<p>OSD 0701 will be the primary source for step-by-step detail on how Trading Parties should co-operate to ensure service requests are raised and dealt with in an appropriate manner and the steps to take when larger than usual volumes of submissions are required.</p>
<p>CSD 0601 Bilateral Data Catalogue - deferrals</p> <p>Valid set item 'Bulk' added to 'Request Deferral Code' data item D8229</p>	<p>Data item D8229 needs to be expanded to allow for Trading Parties to indicate when Service Requests are deferred by agreement with the other Trading Party due to a planned bespoke arrangement.</p> <p>This will allow better tracking of bespoke arrangements and where service requests may need more time that are differed. This will guard against Wholesalers failing Operational Performance standards where specific agreements are in place.</p>

Housekeeping and Clarifications

Code document affected and detail of amendments	Rationale
<p>OSD 0707 Bilateral Processes for Part F Monitoring, investigations, complaints and enquiries & OSD 0708 Bilateral Processes for Part G – Trade Effluent</p> <p>Clarifications to F4.W and G1.W processes to indicate more clearly that the Wholesaler is not always required to raise these processes.</p>	<p>OAG members and Trading Party representatives noted that the language describing F4.W and G1.W could be interpreted as compelling Wholesalers to raise bilateral requests for every enquiry or Trade Effluent enquiry. The OAG's intention was that Wholesalers could exercise discretion and refer customers to the Retailer where appropriate and/or deal with a Request meant entirely for the Wholesaler with no need (or Retailer desire) for a bilateral Request to be raised. It has been clarified that the Retailer may use the F4 or G1 process to request information from the Wholesaler in such circumstances.</p>
<p>OSD 0701 Bilateral Common Processes</p> <p>Recursive language at Section 9.2.1 refers the reader to other OSD documents which simply refer the reader back to this section.</p> <p>Clarifications to the request's statuses at 'Time-Out'</p>	<p>This change removes unhelpful cross references making it easier to follow.</p>
<p>OSD 0703 Bilateral Processes for Part B – Metering</p> <p>Corrections to the transactions and steps in process flow diagrams within the OSD. Several references to “submission” changed to “successful submission”. Formatting alignment to other OSDs Removed references in SLA tables that suggested some non-OPS SLAs were OPS SLA's</p>	<p>Removes references to transactions which have not been undertaken and cross references more effectively in line with the steps of the process. Clarifies that 'submission' is defined as 'successful submission'.</p>
<p>OSD 0704 Bilateral Processes for Part C – Confirmation and verification of supply arrangements</p>	<p>Aligns OSD 704 and CSD 0601 where transactions and notifications are set out making the code easier to follow</p>

<p>Clarifies an additional .M transaction that exists in the process.</p> <p>Language and formatting alignment to other OSDs</p>	
<p>OSD 0707 Bilateral Processes for Part F Monitoring, investigations, complaints and enquiries & OSD 0708 Bilateral Processes for Part G – Trade Effluent</p> <p>Clarifies an additional .M transaction that exists in the process.</p> <p>Formatting alignment to other OSDs</p>	As above
<p>CSD 0002 Market Performance Framework</p> <p>Language and formatting alignment to other OSDs</p>	Corrects minor content and format issues
<p>CSD 0601 Bilateral Data Catalogue</p> <p>Corrected informational text which indicated an incorrect data item length (typo) for three data items and hub behaviour for two data items.</p> <p>Corrected unused data item ranges and typo</p>	CSD 0601 did not reflect the technical solution

Implementation Dates

In order to delay the implementation of the B3 process as set out in CPW070d, CPW070f must be implemented on 2 August 2022.

The changes as laid out in CPW070f relating to Bulk Submission and housekeeping will supersede those that were recommended for approval by the Code Change Committee when it considered CPW070e². CPW070e will subsequently be rejected by Ofwat

² The Bulk Submission and housekeeping changes required by CPW070f are consistent from those put forward in CPW070e

following the approval of CPW070f so as to avoid overwriting the updated code drafting within this Change Proposal.

The CAG and Trading Parties considered this approach was preferable to delaying the implementation of CPW070d in its entirety as the benefits of implementing processes B1 and B7 would also be delayed and put increased pressure on the delivery of the later phases of the Bilaterals programme.

The legal drafting sets out that MOSL will notify the industry with 40-business days' notice that the B3 Process will be implemented. The CCC will not need to re-approve the introduction of the B3 process. The legal drafting that delays B3 will be removed as part of a housekeeping change in the future.

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 was:

“We support the proposal to introduce an enduring solution, given the clear link between bilateral requests and customers. While the introduction of the interim guidance was welcome to help mitigate the risk of possible customer detriment, an enduring solution which places a code requirement on trading parties is a sensible next step.

“This should ensure that trading parties are incentivised to work together to manage high volumes of bilateral requests within a timescale that is achievable. This then has wider benefits for customers if such requests are being completed more efficiently. We agree that the change meets the MAC’s Primary Principle. It is vital that ‘business as usual’ requests, particularly those initiated by customers, are processed as quickly as possible, which could be compromised if retailers were permitted to ‘stockpile’ them and submit in bulk. It is therefore positive that the proposed solution is clear that bulk submissions only apply to high volume requests originating from ‘non-business as usual’ projects.

“Customers should also benefit from codified guidance on how high numbers of ‘nonbusiness as usual’ requests are managed. The ability for Trading Parties to agree bespoke agreements should encourage more efficient processing, and allow customers’ expectations to be managed, if appropriate. In addition, the emphasis on requests needing to be sent in ‘manageable volumes’ should help prevent wholesalers failing to meet the SLA, thereby avoiding a potential impact on the customer.

“We also agree with MOSL’s decision that the 30-business day deferral time limit should not be removed. It is our view that if Trading Parties were permitted to defer for an unlimited period of time, there is a risk that some requests could be significantly de-prioritised, leading to possible frustration for customers as a result of the delays in completion. Retaining a time limit should ensure that wholesalers are only renewing a deferral if necessary and are thinking about how their progress with processing the request is impacting the customer.”

MOSL also discussed the need to delay the implementation of the B3 Process. CCW has responded:

“We agree that it is sensible to delay the implementation of the B3 process until testing can be completed. It is important that testing and assurance takes place to reduce the risk of defects preventing meter testing requests being processed properly in the Hub,

thereby negatively impacting customers. We believe that the risk of a process not working properly for customers is far greater than any impact that the delay in implementation may cause.

“The B3 process is an important one, as ensuring a meter is working correctly is key to customers being accurately charged. Therefore, while we agree with the decision to delay implementation, it is still a concern that a priority change for customers will not yet benefit from being integrated into the Hub. We would urge MOSL to see whether any improvements can be made to the assessment process to ensure that future priority changes for customers are not similarly impacted by delays in testing.”

Code Change Committee recommendation

At its meeting on 18 July 2022, the Code Change Committee (CCC) agreed unanimously to recommend the approval of CPW070f with an implementation date of 2 August 2022, coincident with CPW070d and in place of CPW070e.

B3 Process Implementation

The CCC agreed that proceeding with the intended implementation date of 2 August 2022, for the B3 processes, could risk introducing defects and adversely impact Trading Parties and customers, and therefore it should be held back.

A member noted that the new B3 process did not have a recommended implementation date. Instead, it was proposed that MOSL would notify the implementation date to the industry when testing was complete. The CCC noted that whilst unusual there was precedent for this approach, and it allowed flexibility in B3 process testing, should Trading Parties require it. However, the expectation was that it would go live with other processes in November 2022.

The CCC noted that other than delaying the B3 Process, CPW070f was substantially the same as CPW070e, which the CCC had recommended at its 24 May 2022 meeting. A few clarifications and housekeeping changes were noted, including two corrections to CSD 0601 (data catalogue) that were found after legal drafting had been circulated to members.

Bulk Submission

A member noted that the CCC’s comments on CPW070e relating to Bilateral Submission also applied to CPW070f; namely that CPW070f won’t achieve all that CPW067: ‘Bulk Submission of Service Requests via MS Excel’ intended, which is currently on hold pending development of the Bilateral Hub.

At CCC on 24 May the CCC also considered the implications associated with CPW070e introducing the ability for Wholesalers to use bulk uploads as a reason code for deferring tasks. They considered that bulk uploads should be used for one-off exercises such as data cleansing rather than business as usual. As a result, customers were unlikely to be directly impacted by requests being deferred.

MOSL were urged to monitor the use of deferrals and its impact on customers and for this to form part of their post implementation review. MOSL also noted that it had created reports to facilitate this monitoring.

CCC also discussed whether CPW070e adequately protects Wholesalers from the effects of a bulk request. Wholesalers stated that complete mitigation of the risks associated with bulk submissions was unrealistic and that Wholesaler-Retailer interactions need to be reasonable when handling these requests. It was also discussed that as bulk submissions should be planned and agreed, Wholesalers will be able to highlight if they were receiving greater volumes of requests than have been agreed to.

CCC agreed with the rationale that the change proposal as presented implements an enduring solution that drives co-operative behaviour when raising service requests in the Bilateral Hub. This should support Trading Parties to meet SLA's and deliver the service for customers. It also urges Trading Parties to have effective interactions and two-way dialogue when larger than usual volumes of requests need to be raised with the other party. The simple template to record bespoke agreements facilitates this.

Other issues

The CCC considered the impact of delaying the B3 process on other processes expected to be delivered by CPW070. MOSL explained it would create slightly more work in the final delivery phase, but as the B3 Process was already built, and development of other processes was well underway, the programme had a good start going into the final phase.

A member asked what lessons had been learned from the B3 process. MOSL noted that part of the delay was due to developing later processes. It had increased the cadence of OAG meetings to ensure that requirements gathering was completed in a timely manner. Ultimately, MOSL would have to respond to any defects and fixes and therefore couldn't promise that future delays would be avoided.

Our decision and reasons for our decision

We have considered the issues raised by CPW070f and the supporting documentation provided in the Code Change Committee's FRR and have decided to **approve the proposal**.

B3 Process Implementation

We have considered the solution and rationale offered in the Final Recommendation Report for delaying the implementation of the B3 process into the Bilateral Hub. It is our view that there is a risk associated with the reduced testing and assurance time which could negatively impact customers should defects appear in the Bilateral Hub and restrict Trading Parties from dealing with service requests. Therefore, we agree that this change furthers the **primary principle**.

By retaining references to the B3 process in the code documents, this will allow Trading Parties (and we encourage them to do so) to continue with developing the B3 process and be ready to implement that process at the appropriate time, which furthers the **simple, cost effective and secure principle**.

Whilst we acknowledge that Trading Parties could have to undertake some rework, it is our view that this solution presents the most **efficient** method of dealing with the delay to the implementation of the B3 process.

Further, releasing B3 without sufficient testing could also create risks to the development and release of further processes into the Bilateral Hub. We have received assurances from MOSL that it has put arrangements into place to ensure there is additional, independent, MOSL Programme Board and oversight to ensure any risks to later phases of the Bilaterals Programme are identified and mitigated.

Bulk Submissions

Our decision to approve this proposal is based on the principles that business as usual requests and customer initiated, high impact, requests will take priority over other requests that are defined as being of lower impact and urgency.

The stock piling of requests so that they can be submitted in one go, with poor communications can have a direct and significant impact on customers, directly through processes delays and missed SLAs. This Change Proposal places greater obligations upon Wholesalers and Retailers to work collaboratively when completing works. We would encourage Trading Parties to work together to utilise the new bespoke agreements process to proactively carry out non-urgent yet important project work, such as improving data accuracy within the market whilst also ensuring that urgent customer requests are prioritised. We believe this solution gives Trading Parties the

flexibility to prioritise the most pressing issues and if used effectively should further the **Seamless Non-Household Customer Experience**.

Whilst we note the concerns from certain Trading Parties that the renewal of deferrals in the Bilateral Hub may cause an extra administrative burden for Trading Parties, we do not believe that it represents a strong enough case to re-develop the deferrals process and should not stand in the way of implementing CPW070f.

We agree that deferrals should be monitored by MOSL to ensure they are being used appropriately and revisit the issue should a post implementation review deem that a further change is necessary based on the insight that is drawn from such reviews. Given that Trading Parties were in agreement that they are able to regularly enter into bespoke agreements and there was broad agreement that the deferral process should not be redeveloped, we believe that CPW070f also furthers the **proportionality** principle.

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 by reducing unnecessary costs, thereby additionally advancing the **continued development and sustainment of an effective market** principle.

We acknowledge the concerns that this Change Proposal does not meet all of the intended outcomes desired by CPW067 in relation to the volume of uploads in one transaction and would urge MOSL and Trading Parties to consider how this may be achieved in future given the technology and budgetary constraints.

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