

## Wholesale Retail Code Change Proposal – CPW130

<b>Modification proposal</b>	Wholesale Retail Code Change Proposal – CPW130 – Transfer Reads Estimated Reason Codes
<b>Decision</b>	The Authority has decided to approve this Change Proposal
<b>Publication date</b>	04 August 2022
<b>Implementation date</b>	12 May 2023

### **We are approving this Change Proposal.**

We consider that this Change Proposal will facilitate a more consistent and transparent billing process, enabling Retailers to make it clear to customers when and why an Estimated Transfer Read has been used. It will also enable more detailed market data to be gathered, providing insight into behaviours and enabling metering issues to be identified and addressed swiftly.

### **Key messages for stakeholders to note:**

We recognise that this change has emanated from the Strategic Metering Review (SMR) which seeks to improve the volume and quality of consumption data available in the market, addressing the causes of market frictions and improving customer and environmental outcomes. The intention here is to enable the issues that are preventing Trading Parties from obtaining actual reads to be identified and addressed. Retailers should be striving to obtain actual transfer reads wherever possible and, where this is not possible, working collaboratively with Wholesalers to address the root causes and ensure that meter assets are in good working order. Having access to more granular reason codes should make this easier.

We are very supportive of the Market Operator (MOSL) making the new estimated reason code data visible to the market to drive improved customer outcomes and we expect MOSL to take steps to address any performance concerns that arise. In addition, the current reform of the Market Performance Framework (MPF) provides an opportunity to strengthen incentives on Trading Parties to update CMOS with accurate data in a timely manner and to ensure metering assets are in good working order.

We look forward to seeing the results of the proposed post-implementation review, and proposals for further changes and process improvements to deliver enhanced customer outcomes.

## Background

This Change Proposal was raised on behalf of the Metering Committee in December 2021.

The Metering Committee is taking forward improvement work under the SMR, and as part of this identified a series of seven quick-start projects of corrective actions which began in January 2021. CPW130 follows on from discussions with Retailers under the SMR quick start project on Transfer Reads (T-Reads).

This change proposal shares part of its solution with CPW120 (Final Meter Read where no visual read is available), which is seeking to address similar issues arising from Wholesalers' inability to obtain actual meter readings when a meter is being removed from the market as a result of de-registration or exchange.

## The issue

When a customer moves to a new Retailer, the incoming Retailer is expected to take a final meter reading (Transfer Read or 'T-Read'), which is issued to the outgoing Retailer to issue a final bill and start the customer's billing journey with the new Retailer. The market continues to observe a high percentage of T-Reads that are based on estimates rather than on customers' actual consumption. The market currently does not have a reliable or consistent understanding of why this is happening. It also appears that the existing Reason Codes for estimated reads are not being used correctly or consistently, and do not have the required level of granularity.

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

The Change Proposal states that between April 2019 and April 2021 62% of T-Reads were 'skipped' (i.e. did not take place), which means the affected customers received a bill based on an estimated, rather than actual, meter read. Data held by the Proposer showed that the vast majority (93%) of estimated reads were defaulting to the 'NA' reason code, which the Proposer believes is being misinterpreted by the market as 'Not

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<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>

Applicable' or 'Not Attempted' rather than the actual meaning of 'No Access to premise/site'.

The proposed solution under this Change Proposal is to replace the existing T-Read estimated reason codes in CMOS with an updated standard list, which has recently been developed as part of the SMR and reviewed and agreed as 'best practice' by MOSL, the Retailer-Wholesaler Group (RWG) and the Metering Committee.

## Industry consultation and assessment

The consultation for CPW130 was a combined consultation with the second consultation for CPW120, as both change proposals feature similar elements (i.e., an updated list of estimated reason codes in CMOS). The consultation ran between 17 January 2022 and 4 February 2022. 16 responses were received from the industry: from ten wholesalers, five Retailers and the customer representative, the Consumer Council for Water (CCW).

This section outlines the key points raised during the consultation process and the responses provided by the Proposer – the Metering Committee. The Final Recommendation report (FRR) includes the verbatim consultation responses and provides a more detailed summary of these – this report can be found on MOSL's website [here](#).

Most Trading Parties were supportive of the change proposal. Four of the five Retailers that responded agreed that there is currently an insufficient set of reason codes available where it is not possible to obtain a T-Read. The remaining Retailer who responded to the consultation neither agreed nor disagreed, stating that the number of reason codes is irrelevant, the more fundamental issue is how the codes are being used. The Retailers were also asked if increasing the clarity and the number of estimated reason codes will address the current issue of 'NA' being used by default for T-Reads. Three Retailers agreed that it would and two disagreed. Those that disagreed were concerned that certain codes would still be used by default, rather than the correct codes being used.

Some changes to the reason codes were suggested e.g., a reason code for 'cannot locate premises'. These suggestions were reviewed by the Proposer, and the final version of the list of reason codes was amended to incorporate these suggestions where this was considered appropriate.

**View of the Customer Representative** – CCW supported the change, noting that the reason codes must be clearly explained, easy to understand and fit for purpose. CCW's expectation is that this change will be used as a driver to help improve the customer 'journey' and deliver higher customer satisfaction. CCW was pleased to note that the change will give MOSL the ability to understand the number of T-Reads that cannot be

obtained and to build up insight to understand the difficulties, frustration, and issues that this can cause to customers. CCW pointed out that, to improve services for customers, the reason codes must be used to prompt action that will address the underlying issue so that meter readings can be achieved going forward. CCW expects to see collaborative, bilateral communications between Wholesalers and Retailers to make this happen. Should there be no improvement, CCW expects MOSL to explore greater incentivisation measures through the revised Market Performance Framework.

CCW sought assurances that Trading Parties will continue to make every attempt to obtain T-Reads that are based on actual consumption. If Trading Parties are unable to do this, CCW expects them to act on insight provided by the reason codes to remove barriers that may prevent these reads being taken. This is essential to improve the quality of market data, which should benefit customers in the form of more accurate bills.

## Code Change Committee recommendation

The Code Change Committee (CCC) considered this Change Proposal at its meeting on 29 March 2022 and recommended, by unanimous decision, that the Authority approve it. In coming to this conclusion, the CCC reflected on the high use of the 'NA' reason code, noting that this was likely to be incorrect, and acknowledged the potential benefits that could be derived from use of the data produced as a result of the change. This could provide customers with a better understanding of why bills were being estimated. The CCC agreed with the Proposer's views on how this Change Proposal furthers the Principles and Objectives of the WRC – these views are set out in section 6.1 of the [FRR](#).

The recommended date of implementation is 12 May 2023.

## Our decision and reasons for our decision

We have considered the issues raised by the Change Proposal and the supporting documentation provided in the CCC's Final Report and have decided to approve the proposal. We have concluded that the implementation of CPW130 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 consider that the Change Proposal furthers the **Primary Principle** as it will protect and promote the interest of existing and future Non-Household customers by facilitating a more consistent and transparent billing process, enabling Retailers to make it clear when and why an estimated T-Read has been used. This should empower customers and potentially prompt them to submit their own meter reads (where it is safe to do so) to obtain accurate bills. The change will also have a potential longer-term

benefit to customers of ensuring that they have a functioning and accessible meter. Increasing the transparency of why visual reads cannot be taken should help Retailers and Wholesalers to identify where corrective action is needed to address faulty or missing assets. It should also provide MOSL with greater data and insight into why actual T-Reads cannot be obtained, which may reveal issues with specific Trading Parties that MOSL can investigate.

**Seamless Non-Household Customer experience** – we agree that a clear, consistent, transparent, and correct use of reasons codes by Trading Parties will help deliver a seamless experience for the benefit of non-household customers.

**Transparency and clarity** – we agree that this change will provide greater transparency of the reasons why actual T-Reads cannot be obtained in some cases and enables Trading Parties to take action to resolve these issues.

We acknowledge the long-term ambition driving this change is to address some of the issues that are preventing Trading Parties from obtaining actual reads. Trading Parties should be striving to obtain actual reads or working collaboratively to address the root cause where this is not possible.

Ideally, all meter reads that are entered into CMOS would be based on actual consumption. However, we recognise that there are some circumstances which prevent this from being possible and that estimated reads may be necessary, although these should only be used as a last resort. We are very supportive of MOSL making the new skip code data visible to the market as it should act as a reputational incentive and have a positive impact on Trading Party behaviours. We also encourage MOSL to engage early with Trading Parties where the data and insights it is gaining as a result of this change identifies concerns. We note that in the FRR the Metering Committee recommended that the MPF Reform Working Group should review and monitor the use of skip codes coming out of this change as part of their work. We note that this group no longer exists, so we recommend that MOSL monitors use of skip codes and shares insight with the Market Performance Framework (MPF) Reform Programme and with the Market Performance Committee, as appropriate, and consider how any issues of concern could best be managed.

Poor quality customer, consumption and asset data can significantly undermine the customer experience. Our customer research shows that customers want timely and accurate bills, and this is simply not possible if the quality of market data is poor or if metering assets are not accessible / in good working order. We therefore highlight the importance of Trading Parties updating CMOS with accurate data to improve the level of data quality in the market. We also note that the current reform of the Market Performance Framework (MPF) provides an opportunity to strengthen incentives on

Trading Parties to update CMOS with accurate data in a timely manner and to ensure metering assets are in good working order.

In our recently published consultation on our methodology for how we will carry out the 2024 price review (PR24), we indicated that we are currently minded to introduce a new common performance commitment for the English water companies (BR-MeX) to improve company performance in relation to the wholesale services they provide to retailers and business customers. Better quality data and insight will facilitate more meaningful BR-MeX feedback and more targeted interventions to fix the root cause of problems.

We support the proposal to carry out a post implementation review, and note that its findings could identify:

- A potential need for a consistent process and method across the market for submitting estimated reads under different scenarios
- That incentives may need to be strengthened or introduced to encourage trading parties to obtain visual reads and address asset issues.

## **Decision notice**

In accordance with paragraph 6.3.7 of the Market Arrangements Code, the Authority approves this Change Proposal.

**Dan Mason**  
**Head of Market Governance & Design**