

Wholesale Retail Code Change Proposal – Ref CPW070g – Phase 6 – bilateral transactions

Modification proposal	Wholesale Retail Code Change Proposal – CPW070g – bilateral transactions
Decision	The Authority has decided to approve this Change Proposal.
Publication date	1 November 2022
Implementation dates	29 November 2022

We are approving this Change Proposal.

This change proposal sets out the proposed code amendments for the inclusion of the following processes:

- C2 (Gap sites identified by the Wholesaler)
- C3 (Application in respect of Gap Sites proposed by the Retailer)
- C5 (Deregistration of a Supply Point or Service Component incorporating):
- C6 Application in respect of the Deregistration of a Supply Point at the request of the Retailer

It also proposes a new G2 'merged' process that brings together the following processes that are relevant to Trade Effluent Consents:

- G2 (Application of Trade Effluent Consent or Temporary Trade Effluent Consent)
- G3 (Variation of Trade Effluent Consents)
- G5 (Discontinuation of Trade Effluent Consent)
- G6 (Termination of Trade Effluent Consent)

Incorporating the C2, C3 and C5 processes will contribute to an improved customer experience by reducing the need for customers to find a Retailer where premises have been discovered to be a gap site¹. It will also reduce the risk of incorrect disconnection, which leads to poor customer experience should this then have to be remedied.

¹ A gap site is a premises that is connected to the network with water, wastewater or drainage services and is yet to be registered

Incorporating the processes into the merged G2 process provides a more consistent and streamlined process and includes further controls to improve the accuracy of data contained within the hub.

Interactions with CPW085 - Premises vacant transaction link to Discharge Point Identifier (DPID)

The substantive changes that were proposed in [CPW085](#) and approved by Ofwat have been included in this change to resolve code conflicts arising from the proposed implementation dates. If CPW085 was implemented on 2 December 2022 as per our previous decision to approve this change, which is after implementation of CPW070g, the code drafting that relates to the G6 process would have been inadvertently overwritten. Implementation of this Change Proposal means that the planned implementation of CPW085 on 2 December 2022 will not now take effect as it has been superseded by this Change Proposal.

Housekeeping Changes

CPW070g also includes housekeeping changes which remove redundant provisions that delayed the B3 process from being included in phase 4 of the Bilateral Transactions programme and an amendment to OSD 0708 fixing an incorrectly referenced data item D8350 (Request received date).

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 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 6 is the final phase of the bilateral transactions programme covered by CPW070 to further incorporate processes into the Bilateral Hub.

The Change Proposal²

The [final recommendation report](#) explains that CPW070g is seeking to create enabling code provisions to establish and mandate use of processes C2, C3 and C5 within the Bilateral Hub.

The C2 process requires that when a gap site is located, the Wholesaler sends a letter to the customer requesting that they select a Retailer. Evidence shows that the number of customers that proactively choose a Retailer after having been written to is very low. The Operational Advisory Group (OAG) collated evidence from Wholesalers³ which showed that one Wholesaler had never seen a customer select a Retailer, with the other two noting 0.5% of records showed customers selecting Retailers. This Change Proposal moves the allocation of a Retailer earlier in the process, thus removing the waiting time. It does not however preclude a customer from switching after being allocated to a Retailer, and also still allows any customer or Retailer identifying a gap site to initiate the C3 process which gives customers the choice of Retailer.

This Change Proposal is also seeking to implement a new G2 process that brings together the G2, G3, G5 and G6 processes into a newly 'merged' G2 process. The merging of these processes will deliver an improved customer journey by bringing consistency to the transactions related to Trade Effluent consents. It will introduce a two-month end to end Service Level Agreement ('SLA') for the process and will reduce the likelihood of requests being rejected or not going ahead due to missing or incorrect data by including validation rules into the process.

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 Code Advisory Group (CAG) in line with established programme governance.

CPW070g amendments summary

² The proposal and accompanying documentation are available on the MOSL website at <https://www.mosl.co.uk/market-codes/change#scroll-track-a-change>

³ Three Wholesalers provided evidence Retailer selection from customers

Appendix A contains a detailed table of the key proposed amendments that are relevant to the C and G processes. Further detail relating to the proposed amendments, and the associated legal drafting can be found in the [final recommendation report](#).

In summary, the amendments include:

- Changes that have been made to the relevant process flows and steps to streamline and improve how they function, reduce waiting times, and improve experience for customers.
- Changes to the underlying data catalogue to provide for the Data Items and Transactions that allow the newly redesigned processes to work and Trading Parties to build and manage their systems.
- Changes to the Market Performance Framework, which includes the introduction of a 2 calendar month SLA for all Trade Effluent applications (the current SLA only applied to the G2 process and was also 2 calendar months from the day after the application is served) so that it is consistent with the Water Industry Act 1991 and aligned with the C2 Operational Performance Standard (OPS) so that it starts after the customer has been allocated to a Retailer.
- As with previous bilateral changes, moving the process flows, and related steps from the Operational Terms into standalone Operational Subsidiary Documents (OSDs).
- Ensuring standing reports now contain the required references to the processes incorporated as part of this change.
- Making a number of housekeeping changes and clarifications of the definitions of customer forms and Trade Effluent Consent. Simplification of descriptions within the Bilateral Common Processes table will reduce the potential for Trading Party confusion.

Interactions with CPW085 - Premises vacant transaction link to Discharge Point Identifier (DPID)

[CPW085](#) was proposed to address a problem in the Central Market Operating System (CMOS) whereby the general occupancy status of a premises can differ from the Discharge Point Identifier (DPID) in respect of Trade Effluent – meaning there could be inaccurate or contradictory information in CMOS, for example where a Premises is registered as Vacant but has a live account for Trade Effluent. CPW085 introduces functionality in CMOS to prevent this from happening, along with validation rules to prevent Wholesalers from creating new Discharge Points where the occupancy status of the Supply Point is vacant. It also introduces Service Level Agreements (SLA) on Wholesalers' Termination of a DPID within the G6 process of the Operational Terms,

which should ensure that the occupancy status of premises is accurate within CMOS and reduce the risk of issues in Customer billing to occur as a result.

The full content of CPW085 can be found in the [final recommendation report](#) along with Ofwat's rationale for approving the change on 21 June 2022. CPW085 and this Change Proposal are separate. However, there are interactions with CPW085 and the G6 process which concerns the discontinuation of a Trade Effluent Consent.

Implementation of CPW085

As a result of the implementation of this Change Proposal, the planned implementation of CPW085, originally scheduled for 2 December 2022, will no longer come into effect. This is because the changes proposed by CPW085 have been incorporated within and been superseded by this Change Proposal. As CPW085 was set to implement after CPW070g, had the implementation date for CPW085 remained unchanged, this would have overwritten some of the code drafting for the 'G' processes that form part of CPW070g, rendering the code unworkable. In light of this, all substantive code amendments, including those relevant to CPW085, will now be implemented on 29 November 2022.

Housekeeping changes

Implementation of [CPW070f](#) delayed the inclusion of the B3 process (meter testing) in the Bilateral Hub. This was to ensure that adequate testing and assurance was capable of being carried out on the relevant parts of the hub, which reduced the risk of defects which could have affected Trading Parties' ability to raise service requests or adhere to SLA's. The redundant language that enacted this delay can now be removed as it is now included in the Bilateral Hub.

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 support the changes being made to the C2, C3, C5, C6 processes, and their integration into the Bilateral Hub. As with other processes that have migrated, the improved oversight that the Hub provides should result in improved efficiencies, which will also benefit customers. Concerning the aforementioned processes, the changes to C2 & C3 should result in gap site customers receiving retail services in a quicker timescale, with the uncertainty and confusion over who is supplying them greatly reduced. The merging of the C5 & C6 processes is sensible given the similarities between them. Simplifying processes in this way should make them easier to follow which then benefits customers.

Where gap sites have been identified, it is important that those customers are provided with a retailer as soon as possible, so they can benefit from the provision of retail

services. If most customers identified through the gap site process are allocated a retailer, rather than choosing one, it is sensible to allocate at an earlier point rather than delaying the completion of the process by up to 20 business days. However, before removing the opportunity for a customer to choose a retailer, it is important that the data shows that this is not a choice being exercised by the vast majority. We would welcome seeing further evidence from MOSL, or trading parties, that substantiates this particular part of the proposed change to the C2 process.

We also support the merging of the G2, G3, G5, & G6 processes. Introducing a single SLA covering each trade effluent request should improve the customer experience, particularly where an SLA is currently absent from the G3 & G5 processes. The changes should increase simplicity for both trading parties and customers and make it easier for customer queries to be addressed as there will only be one process that retailers need to understand.

As outlined in Section 5.1 of this Draft Recommendation Report, we also support the changes proposed under CPW085, and agree with implementing it as part of CPW070(g), for the reasons MOSL has outlined.”

Code Change Committee recommendation

At its meeting on 25 October 2022, the Code Change Committee (CCC) voted unanimously to recommend the approval of CPW070g with an implementation date of 29 November 2022.

CCC noted that they were not being asked to justify the merits of CPW085 and that the incorporation of CPW085 into CPW070g was to align the timeframes ensuring that this would avoid a code drafting conflict.

The Committee also noted that OSD 0708 had been updated to fix an incorrectly referenced data item (D8350 (Request received date) which will be updated to D8373 (Application received date)). This amendment would be sent to Ofwat as part of the Final Recommendation Report.

CCC discussed programme closedown, noting that this was the final phase of CPW070 and that future bilateral implementations would be covered under a new overarching MOSL change, currently referenced as PIP164. They also discussed whether the next planned bilaterals-related change, PIP164, would include a mechanism to facilitate bulk uploads. MOSL set out that consultation with trading parties would be undertaken via the MOSL business plan to identify priorities for future changes.

Our decision and reasons for our decision

We have considered the issues raised by CPW070g 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 CPW070g 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 C2 process within the Bilateral Hub will eliminate the need for multiple customer site visits which can be disruptive and should facilitate a quicker onboarding process for customers improving their experience.

The inclusion of merged G process will mean an improved experience for customers, enabling Retailers to service customers with a single Trade Effluent process instead of many different ones. Trade effluent consent forms will be streamlined making it easier for the Customers to submit and improve the processing of these forms by the Retailers through the hub.

The primary principle is additionally furthered through advancement of the supporting principles as we have set out below.

Inclusion of C processes

The inclusion of the C2, C3, C5 and C6 processes within the Bilateral Hub will help to improve speed and accuracy of Wholesaler-Retailer interactions, making them more consistent and streamlined across the market which will contribute to driving better outcomes for business customers and furthering the **efficiency principle**. We recognise that the initiation of the Wholesaler-led C2 process will now occur once a Retailer has been chosen and that it could be perceived to reduce customer choice (albeit customers can still change Retailer once allocation has taken place). However, given the available evidence provided by Trading Parties that showed that customers rarely make this choice, we agree that removing the 20 days business days waiting period will lead to a more efficient process, reducing associated delays and giving greater accuracy of invoicing.

This will also 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 the quality of those customers' experience. We welcome the functionality that means a customers' SPID must be registered before the Retailer can interface on their behalf with the central systems which reduces the risk of erroneous disconnection for customers. This functionality will also therefore contribute to advancing the **efficiency and seamless non-household customer experience principles**.

Merged 'G' Process

We support the introduction of the merged 'G' processes which will allow Trading Parties to undertake the associated transactions in a consistent and efficient manner through the Bilateral Hub. We consider that the combination and streamlining of forms, and the resultant reduction in reliance on secondary systems by Trading Parties, will both help to improve the accuracy of transactions and the speed of resolution of transactions, therefore benefitting customers' experience which supports the efficiency principle. The introduction of a two-month SLA, (beginning the calendar day after the application is served) to cover all of the merged processes brings consistency with the Water Industry Act 1991 and will further incentivise Trading Parties to process Trade Effluent applications in an efficient manner.

Combining the G2, G3, G5 and G6 processes within the Bilateral Hub in this manner will improve the communications between Wholesalers and Retailers so that the Trade Effluent consent application is directed to the correct Wholesaler in the first instance reducing the risk of errors and improving the speed of processing, thereby contributing to the advancement of the **seamless non-household customer experience principle**.

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 or inaccurate information, therefore advancing the **Simple, cost effective and secure** principle. It also will contribute to improving data quality in the market, which has been consistently identified as one of the key market frictions that is impeding the effective functioning of the Business Retail Market.

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.

We recognise the decision that the remaining G4 (Trade Effluent Monitoring) process was not incorporated into the Bilateral Hub at this time. We encourage MOSL to consider its potential inclusion in future implementations along with other processes. We also encourage MOSL to continue to consider the mechanism for bulk uploads of

service requests in future developments of the bilateral hub. We support and encourage active engagement with Trading Parties in order to prioritise future developments of the bilateral hub that are in the best interests of customers.

CPW085 - Premises vacant transaction link to Discharge Point Identifier (DPID)

Our rationale for approving CPW085 remains unchanged. We support the reasons for amending the implementation date as the most effective way to allow CPW085 to be implemented into the market codes.

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.

Housekeeping

We support the housekeeping changes within the Change Proposal, for example the removal of the 'holding provisions' which delayed the implementation of the B3 process, which are now redundant as this process is ready to go live. We also note and support the amended data item highlighted in the Final Recommendation Report to resolve an error found in OSD0708. In addition, we support the merging of similar functions within the C and G processes which should make it easier for staff operating the Bilateral Hub and avoiding unnecessary complications in its technical build. We support this approach and consider it advances the **transparency and clarity principle**.

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 and Design

Appendix A

Summary of key amendments to deliver CPW070g:

Proposed amendment	Rationale
<p>OSD 0701 Bilateral Common Processes</p> <p>A new section has been added to detail the "Incorrect Trading Party" process.</p>	<p>A new transaction is introduced to the Bilateral Hub to void any data that is erroneously sent to the wrong trading party. This will ensure MOSL and Trading Parties compliance with GDPR.</p>
<p>OSD 0704 Bilateral Processes for Part C – Confirmation and verification of supply arrangements</p> <p>The initiation and submission of wholesaler-led C2 process will now happen after a customer has been allocated to a retailer rather than before.</p>	<p>Based on OAG feedback the C2 process was not fit for purpose. The Wholesaler-led process was unilateral, meaning Wholesalers handing over incomplete partial SPIDs which retailers struggled to make tradeable.</p> <p>The process will not be initiated until CMOS has paired a SPID and a Retailer via the allocation process with the required information in the transaction. The process also removes the requirement for Wholesalers to visit the site twice to satisfy C2 OPS requirements.</p> <p>It also removes the waiting period for customers to assign a Retailer for gap sites. Data shows that this happens extremely rarely and meant waiting times of 20 business days. Customers will be automatically allocated a retailer and notified that they can switch to a retailer of their choice if they choose to.</p>
<p>C6 process (gap site identified by retailer) has merged into C5 (gap site identified by wholesaler)</p>	<p>The C5 and C6 process have been merged due to their similar workflows to make them a simple Retailer/Wholesaler version of the same process. This will simplify the code and improve efficiency.</p>

<p>OSD 0708 Bilateral Processes for Part G – Trade Effluent Processes G2,G3,G5 and G6 incorporated into a merged G2 process</p> <p>Schedule 1 Part 1: Objectives, Principles and Definitions</p> <p>New terms to define customer forms and amendments to trade effluent consent</p>	<p>OAG feedback was that all Trade Effluent processes were effectively different process flows on how to handle a consent application. There were no SLAs on the G3 and G5 processes.</p> <p>It increases efficiency to treat this as a single process for all trading parties.</p>
<p>Schedule 1, Part 3: Operational Terms & OSD 0703 Bilateral Processes for Part B – Metering Removal of references to B3 being delayed</p>	<p>These references are no longer needed as B3 is now being implemented in phase 6 of the Bilaterals Programme</p>
<p>OSD 0701 Bilateral Common Processes Clarifications made to activity statuses Clarification of the activity statuses that apply to the time-out process</p>	<p>Clarification in the tables will remove the potential for trading party confusion.</p>
<p>OSD 0703 Bilateral Processes for Part B – Metering End to end SLA's detailed</p>	<p>MOSL has not built every non-OPS SLA in the OSD documents. As such, the SLA tables have been clarified to say which SLAs are in the hub and which are not yet built.</p>
<p>OSD 0707 Bilateral Processes for Part F – Monitoring, investigations, complaints and enquiries Clarification that retailers should close F5 requests when there is no follow-on action</p>	<p>Technical constraints mean that F5 requests do not close automatically and reporting suggests they are not being closed manually.</p> <p>Clarification will drive closure of the requests and reduce the delay in reporting OPS as this happens following closure.</p>
<p>Schedule 1, Part 3: Operational Terms & Annexes B, C, G Process steps and flow diagrams moved to the relevant OSD documents.</p>	<p>Consistent with the previous bilateral changes that improve ease of code referencing for Trading Parties.</p>
<p>Forms B/01, C/02, C/03 G/02, G/03 Forms withdrawn from use</p>	<p>All information contained within the forms have been incorporated into the Bilateral Hub. This improves the quality of submissions and reduces rejections.</p>

<p>CSD 0002 Market Performance Framework</p> <p>Centralised reporting replaces self-reporting</p> <p>C2 OPS effectively starts later as the process starts after the customer has been allocated.</p> <p>Removed G2 OPS (but replaced with SLA that covers all G2 merged processes)</p>	<p>The Bilateral Hub undertakes all reporting of OPS reducing the burdens on Wholesalers.</p> <p>The Wholesaler can now do its investigation ahead of raising the C2 meaning the OPS effectively starts later in the process and therefore can be done in the same time window as the meter reading requirement to satisfy MPS. This will eliminate the need for Wholesalers to attend site twice to satisfy an OPS</p> <p>OPS was unique to just the G2 process, but no other G process. Furthermore, the standard was met 99% and there is a duplicate regulatory incentive in the Water Industry Act 1991 that sets the same target. When merging G2 into other G processes which makes process and technical efficiency sense, OAG proposed that the G2 OPS was less valuable than simply having a new non-OPS SLA that applied across all the G2-merged processes</p>
<p>CSD 0302 Standing Reports and Data Extracts</p> <p>Reports now incorporate references to the new processes included in CPW070g</p>	<p>A complete set of Data Items will be accessible via standing reports to enable Retailers and Wholesalers to monitor business intelligence and performance, improving customer outcomes</p>
<p>CSD 0601 Bilateral Data Catalogue</p> <p>Data items, valid sets and transactions added.</p> <p>New transaction to manage the requirement to void a request raised for the wrong Trading Party</p>	<p>The Data Catalogue will facilitate Trading Parties development, training, and reporting</p> <p>The new transaction ensures MOSL and Trading Parties are GDPR compliant. OSD 0601 retains format of CSD 0301 – Data Catalogue, and both are now industry-standard catalogues</p>