



CentralMarketAgency

At the heart of **Scotland's Water Market**

“In 2010-11 the CMA has continued to provide an effective service to the market.”

Brian Saunders, Chairman



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At the heart of Scotland's Water Market



About the CMA

The CMA is the market administrator under the competitive arrangements for the water industry that came into effect on 1st April 2008. Business customers in Scotland can choose their retailer for water and wastewater services. The CMA sits at the heart of the market between the wholesaler (Scottish Water) and retailers (Licensed Providers). The CMA provides a service to market participants, enabling them to carry out their respective businesses.

The two most important functions of the CMA are keeping a record of which retailer is responsible for which business customer (known as “registration”), and carrying out the calculation of wholesale charges owed by retailers to the wholesaler (known as “settlement”). These functions must be carried out in accordance with the rules set out in the Market Code and our compliance is checked on an annual basis by an independent auditor

One important aspect of our service is to provide coordination between all parties in the market by developing and maintaining the systems required to handle market transactions. Another is the management of information, which includes receiving, validating and storing information, so that it can be used to carry out market processes. It is these activities, carried out using our Central Systems, which underpin the delivery of registration and settlement.

Chairman's statement



In 2010-11 the CMA has continued to provide an effective service to the market. The CMA has responded to requests to develop the Central Systems, and has also provided support to participants in connection with the market processes already in place.

During 2010-11 the CMA staff worked hard to establish complex registration and settlement processes as routine. It was pleasing that the Market Audit recognised this work and again found that the CMA had robust business processes in place.

The CMA Board has had another active year providing invaluable oversight and guidance for the business. The Board places great importance on best practice governance for the CMA, but also on the wider operation of the market. I am grateful for the continued support and commitment of my fellow board members.

The Technical Panel has played an important role in defining how the market should be

developed. The Market Participant Forum, and the various working groups established under its remit, have supported the Technical Panel and provided an arena for the discussion of market issues.

In the coming year we expect a concerted effort by market participants to improve the quality of market data. The CMA will play an active role coordinating this effort and ensuring that the database is updated.

Brian Saunders

Chairman, August 2011

The CMA Board

Brian Saunders [Chairman](#)

Jeremy Atkinson [Chief Executive](#)

Fred Hallsworth [Chairman, Audit Committee](#)

Brian Wilson [Chairman, Appointments Committee](#)

Chris Banks

Edgar Speak (deceased August 2011)

Kevin Ensell



Chief Executive's Review



During our third year of operation the CMA has continued to be busy, with a focus on strengthening the business and meeting the challenges of the market. We also welcomed a new retailer to the market, bringing to four the number offering their services to business customers.

In 2010-11 our core program of work was delivered within the budget agreed by participants at the start of the year. The market also agreed to the delivery of some additional projects funded from Performance Standard Charges. This has allowed us to quicken the pace of Central Systems development and improve the service provided to participants.

We have now completed a second full cycle of all market settlement activities. The rules set out in the Market Code define a settlement process that extends for nearly one year from the close of each financial year. This allows time for market participants to provide the CMA with the most complete and accurate data that they have available. Our experience last year stood us in good stead and, at the end of 2010-11, we successfully completed the final reconciliation settlement run (RF) for financial

year 2009-10. We are working hard to ensure that settlement runs are not only accurate, but also delivered as efficiently as possible.

An important measure of CMA performance is compliance with the obligations set for us under the Market Code. 2010-11 saw the delivery of the second independent Market Audit commissioned by the Board of the CMA. The scope of the Market Audit included registration and settlement processes, together with other activities covered by the Market Code necessary for the proper functioning of the market. The Market Auditors' opinion was that the CMA had again, in all material respects, complied with the relevant Code requirements in the performance of its duties. The business had also made good progress addressing the issues raised in the first market audit.

The first two Market Audits have highlighted the importance of good quality data for the effective operation of all aspects of the market. The Market Auditors have identified a number of areas where improvements in data quality would be particularly beneficial. In response to the Auditors' findings, the CMA has taken a leading role in encouraging data improvement projects to be carried out. We will continue to

monitor the results of these projects.

The Technical Panel has again been an active force in shaping the market. Technical Panel members have supported our efforts to increase participants' focus on improving the quality of market data. We are grateful for their constructive input.

In 2010-11 we completed the process of re-tendering for our Service Providers. We are happy to welcome new Service Providers on board our team and appreciate their enthusiasm for the market arrangements. Our new model for purchasing services, which separates development, operations and testing, became fully operational during the year and is working well.

Internally, there has been a focus on further developing the business processes that allow us to provide our services to the market. Our team has shown commitment, ability and perseverance to enable the successful performance of our duties.

We are pleased that we have built on the achievements of 2009-10 and met the challenges presented in 2010-11. Consolidation of the business will continue in the coming year as we firmly establish our place in the developing water market.

Jeremy Atkinson

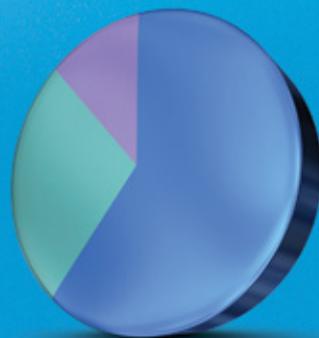
Chief Executive, August 2011

Operational & financial highlights

Enquiries handled	180
Transactions processed	1,350,019
Changes processed through the Technical Panel	40
Settlement runs delivered	49
System availability	99.9%

CMA costs

- CENTRAL SYSTEMS & TECHNICAL SUPPORT
- OFFICE & ADMINISTRATION
- STAFF COSTS





“The CMA has taken a leading role in encouraging data improvement projects to be carried out.”

Jeremy Atkinson, Chief Executive

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