

Attendees

Jeremy Atkinson -CMA (Chair);

Alastair Ross – Satec (by telephone);

James Bream - Business Stream (BS);

Kevin Ensell – Osprey (by telephone);

Jessie McLeman -Scottish Water (SW);

Richard Khaldi -The Commission (attending as a non-voting Affiliated Member);

Alan Jones CMA -TP Secretary and the CMA Technical Officer (TO); and

David Nicol-CMA.

1. Introduction**1.1 Introduction by the Chair**

- The chair explained that this was an extraordinary meeting to complete business from the meeting the week before.
- Its purpose was to formally make decisions on MCCP019, MCCP020 and MCCP021 and to decide between Options 1 and 3 for Reassessed charges.

1.2 Note

- SW requested that revision number be used on updated papers.

2. Undetected Rollovers (MCCP019 and MCCP020)**2.1 Introduction by the CMA**

- The papers had been issued as agreed at the last meeting and currently SW and two LPs had approved them.
- BS had raised some minor points which had been accommodated in minor changes to the drafting.
- TP Members were asked to vote on this final drafting.

2.2 Decision Taken

- MCCP019 and MCCP020 were approved by a unanimous vote.

2.3 Commentary by BS on the process so far

- BS was generally happy that the process was working well.
- BS and CMA had agreed the rollovers.
- They had agreed 97% of the interpolated reading however 3% had yet to be agreed.
- BS and CMA were working to resolve the discrepancies before Christmas.
- If not resolved then CMA would decouple the rollover update from the EWA refresh thus permitting the EWA refresh to take place as planned.
- The CMA and BS to develop a local working instruction for other LPs and SW to follow.

3. EWA Refresh (MCCP021)

3.1 Introduction by the CMA

- The papers had been issued since the last meeting and currently SW and two LPs had approved them.
- SW had raised some points in Section 2.2 of CSD0205 which had been accommodated in minor changes to the drafting.
- TP Members were asked to vote on this final drafting.

3.2 Decision Taken

- MCCP021 was approved by a unanimous vote.

4. Reassessed Charges – Decision on Option 1 or Option 3

4.1 Introduction by the CMA

- The CMA is not a decision taking body; its role is to inform and advise Market Participants.
- It is for the TP to make decisions.
- The CMA will implement whichever option is chosen by the TP.
- It has been necessary to change Option 3 in the light of new information received.
- The situation is a little fluid with the Service Provider and there has been an increase in costs and time for both options.
- There is no new information that changes the relative position (on cost and timing) of the two options presented at the last TP.

4.2 Procedure to be followed

- Participants to express their views on a round the table basis.
- The CMA would take questions.
- A vote would then be taken for what was in the best interests of the market.

4.3 Scottish Water

- Papers had been received last night so views on relative merits are based in discussions over the last week.
- SW cost estimates of Option 3 are based on assessment and judgment as there has not been time for detailed discussion with its supplier.
- Option 1
 - No new flows, one flow has three new data items;
 - Cost broadly similar to CMA figure; and
 - Deliver at the end of April.
 - Attendees sought clarification whether this meant £150k. SW did not want to state a figure but repeated that the cost would be broadly similar to the CMA figure.

- Option 3
 - One new flow and new data item. The new flow would result in a higher amount of regression testing within SW than was expected for Option 1;
 - SW had assumed more MST testing would be required than for Option 1 because of new flows;
 - SW had estimated the cost to be about 2.5 times the cost for Option 1;
 - The use of pseudo data is not consistent with good practice; and
 - SW considered that it has market risk.
- SW noted that those who do not use the HVI have lower costs for both options and thus will not have impact.
- With regards to the opportunity costs SW considered that there was scope to reorganise software delivery schedules by working in parallel, to deliver the long term solution for rollover by January 2010 as currently planned.
- In view of the market risks associated with the pseudo data and the design of this option and the relative cost of Option 3 compared with Option 1, on balance it could not support Option 3. Workarounds could be reviewed re the timescales.

4.4 CMA Comments

- Constraint on delivery is at the Service Provider stages where there is very limited scope for parallel working when working on code; it is not viable to develop code or test in parallel.
- Since the last meeting The Commission have initiated some data quality initiatives which will add to the future work plan, (RK to issue documents before Christmas).
- Option 1 would also overlap design work for Area Based Charging.

4.5 Business Stream

- Some aspects of Option 3 are well worked through; however, other elements such as the use of water SPID for sewer only increased the risks for data integrity.
- Option 3 would cost 1.5 to 2 times option 1 costs and would increase BS's costs by some £70-80k.
- Can be ready in April.
- BS wondered if option 3 would be a barrier to entry if new LPs wanted to enter the market using the HVI.
- BS noted the work done by CMA to mitigate BS's concerns.
- On balance BS consider Option 1 to be the better solution.

4.6 Osprey

- Osprey enquired about costs. The CMA explained that:
 - The revised Option 3 cost was circa £20-40k and that the £150k for Option 1 was minimum cost based on a high level impact analysis;
 - The view of Gemserv and CMA was that Option 1 was much more complicated and that it required a detailed assessment by Logica; and
 - Taking testing into consideration, CMA considered that Option 1 may not be live until September.
- Osprey enquired about the Service Provider's Record. The CMA explained that:
 - Gemserv has a sub-contractor who provides the software. The original sub-contractor had been replaced by Logica so we do not have a clear history of implementation.; and
 - Logica have a structured approach. It is necessary to go through a series of internal procedures before estimates are provided. Once provided Logica has a reputation for delivering against time and cost. However, if there is any change to the specification then there is usually a cost and time penalty.
- Osprey views are that
 - We are backed into a corner due to time scales.
 - There is not enough capacity to deliver all the desired system changes; parallel running is not possible; we need to deal with the problem as it exists.
 - They have a concern about the opportunity cost of Option 1.
 - They are comfortable with the pseudo meter approach as they operate it already.
 - They Support Option 3.

4.7 Satec

- Satec continued to support Option 3.

4.8 Commission

- They Commission stated that we are not in an ideal situation and that it had occurred for a number of reasons. The Commission will make sure that it does not happen again and will discuss this in the New Year.
- The Commission were concerned about delivery dates and the impact on the market if they were not met. It was essential to stick to a date once it had been published.
- The Commission has powers to insist on delivery; if parties go beyond an agreed date there will be a cost.
- The Commission has no view on the choice of options.
- The Commission understands that many English water companies use virtual meters.
- The key to data accuracy was to ensure that the correct information was held.

4.9 General Comments

- JA noted that either Option would appear to have an August/September delivery date; it is a question of where the burden of implementation sits.
- The CMA Technical Officer noted that because sticking to published dates was essential then there needs to be adequate time for the planning to take place before the dates are committed to.
- As both delivery dates were now similar, BS wondered whether Option 3 is superior. In response CMA:
 - Considered that the scale of Option 1 was much larger than Option 3;
 - Noted that the uncertainty in the delivery of Option 3 was SW's timetable position not the CMA's; and
 - Considered that the testing of Option 1 is a whole market testing and is much larger than the testing needed for Option 3.
- In response to a query from Osprey about what had been told to customers The Commission advised that a consultation with LPs had just been started and that customer communication was planned to start in January.

4.10 Voting

- The chair noted the need for a formal vote
- The voting was as follows
 - SW and BS Option 1
 - Osprey and Satec Option 3
- Under the rules of the Market Code the decision is based on the majority of LPs so the TP had chosen Option 3

4.11 Next Steps

- Specification for Option 3. The CMA noted the necessity of agreeing a specification as a matter of urgency and then keeping to it.
- Firm up on the delivery timetable and discuss with The Commission.