

Attendees

Brian Saunders - CMA (Chair), Jeremy Atkinson - CMA (JA), Jessie McLeman - Scottish Water (SW), Edgar Speak - Satec, Trevor Nelson - Business Stream (BS), Kevin Ensell - Osprey, Cameron McKean - the Commission (attending as a non-voting observer), Alan Jones CMA -TP Secretary and the CMA Technical Officer (TO)

1. Minute of the Last Meeting held on 17/04/2008**1.1 TP Members' views on the minute**

- BS and SW queried whether it had been agreed to set up a working group to review the LVI.
- It was agreed that the CMA would set up a meeting within the next four weeks.

1.2 Approval of the minute

- The minute of the April TP was unanimously approved.

2. Current Status of Existing Change Proposals**2.1 Current Status of the MCCPs**

- The five MCCPs approved by the Commission to date were implemented in the June 01 release of the Market Code: MCCP02; MCCP004; MCCP009; MCCP010 and MCCP013.
- Correspondence from the Commission concerning the Approval of MCCP013 is shown in the Annex AA to this minute.
- The table at the end of this minute shows the status of all changes immediately AFTER this Technical Panel and reflects the decisions taken during the meeting.

2.2 MCCP003 CMA Articles**2.2.1 Background**

- The original view when the Market Code was drafted was that standard company articles could be used; and that any inconsistencies between the Market Code and the articles would not cause problems.
- Later advice suggested that it was undesirable, particularly in the area of governance, to have inconsistencies between the Market Code and articles.
- Changes were proposed in 2008 to remove the inconsistencies.
- The documents were made available at the last (April) TP meeting and were circulated after the meeting for comment.
- Business Stream had commented on the circulated documents.
- Minor changes were made to the text to clarify matters; these changes do not alter any meaning.
- The Changes have already been Approved by the Commission so this change does not need to be passed to the Commission again.

2.2.2 Discussion

- SW Asked if the proposed changes would result in any lessening of the recourse that market participants would have. The CMA confirmed that this would not be the case and the changes were to remove inconsistencies only, i.e. there was no change to the Market Code.

2.2.3 TP Decision

- The TP unanimously approved the change M CCP003.

2.3 M CCP011 CMA Charges

2.3.1 Background

- The current method of charging does not distinguish between high value and low value SPIDs.
- The LFIG and the TP gave guidance that the CMA charges should reflect the revenue derived at a SPID.
- The TP in January discussed the options for calculating the CMA charges and chose the option that provided a weighting according to typical wholesale charges.
- The original proposal was Blocked by the Commission because the method was not explicitly stated within the Market Code. (The proposal had made reference to local working instructions that were subject to TP approval).
- The CMA redrafted the changes so the wording was explicitly within the Market Code.
- The CMA has refined the method to replace the previous hypothetical volumes with actual volumes. The volumes will be derived from the first Settlement Run (R1):
 - The charges include fixed and volume based components; and
 - Where there is no meter installed the R1 report generates proxy meter based charges as per the Wholesale Scheme of Charges.
- Meter based charges exclude the following elements: Roads Drainage, Property Drainage and Trade Effluent.

2.3.2 Discussion

- TP Members requested that the CMA provide an indicative cost of LP's CMA charges per £100 of Wholesale Meter Based Charges.
- TP Members requested that the CMA define "Meter Based Charges" more explicitly. This was to be circulated for agreement after the meeting.

2.3.3 TP Decision

- The TP unanimously approved this change in principle.
- TP Members would review the definition of "Meter Based Charges" with a view to voting on all the changes by email.

2.4 MCCP012 Use of Trade Effluent Treatment Type Indicators in charging

2.4.1 Introduction by the CMA

- There is currently a business workaround which involves adjusting the Trade Effluent (TE) Schedule 3 indicator at the end of the year.
- At the last TP SW and Satec took an action to verify the business requirements. They confirmed the methodology proposed by SW but identified that it affected less than 100 of the circa 1500 DPIDS.
- This is a substantial change as it involves amending both the basis of charging and dataflows. The TO summarised the points that had been set out in the briefing notes issued to attendees.
- [Extract from the briefing Notes: Gemserv has carried out a high level technical impact:
 - **System Change:** This will involve both the method of calculating the TE charges and the addition of new Data Items into data flows.
 - **Implementation_1:** Multi-party testing will be needed as there are revised data flows.
 - **Implementation_2:** Will include revision of the Schedule 3 allowance and populating values for the new Data Items to give effect to the new calculations for the <100 DPIDs that presently qualify for the relevant relief from the TE Charge. The impact on the other DPIDs will be assessed during the detailed assessment.
 - **CSD206:** The main change is to CSD206 to accommodate the modified charging arrangements and establish the process for update and maintenance of the new data items/values. Work will include the inclusion of the new Data Items in the TE Data and TE tariff data in 2.1.1 and modification of the formulae for calculating the Daily Availability and Operating Charges will require modification. Section 2.1.3 (Maintain TE Data) may also be impacted.
 - **CSD0301:** There will be associated changes to CSD206 to and the Schema to create the new data items and incorporate them into existing/new Transactions.}

2.4.2 Discussion

- SW noted the need for transparency in setting the TE Schedule 3 indicator as the current arrangements was not optimal in deducing the calculation and it needed to be reviewed from year to year.
- Satec suggested that the number of DPIDs is circa 70 and this is expected to reduce to about 30 within a year of so as SW upgrade treatment negating the need for the extra data items.
- Satec advised that the proposed method assumes fixed values for Ot and St based on the previous year's history so the only dynamic aspect of the charging is the TE volume; hence the benefit of the change is limited.
- SW noted that the additional information provided by the CMA was in briefing notes and not in a formal paper presented to the TP for decision. If a decision was expected of the Panel, the information should be presented formally in a paper. Also, there was no cost information with which to make an assessment.
- The TO advised that no formal estimate of the cost had been made but inspection of the scale of the change and the testing required means that it would be in excess of £25k.

- The TO advised that if a system change was required then a firm decision would have to be taken at the August TP.
- The TO requested guidance as to whether a more detailed investigation was required.
- The Chair advised that it was part of the TP remit to make a cost / benefit judgment.
- SW proposed to explore the potential improvement of the workaround before taking this change proposal further; the TO agreed to work with SW on this before the next meeting.

2.4.3 Decision

- The CMA should not spend more resources investigating this at present.
- The paper has to come to the next TP with the assessment.

2.5 Current Status of the OCCPs – see spreadsheet

- The TP Secretary apologised to the meeting that the papers issued had omitted to show OCCP016 in the OCCP spreadsheet. The corrected spreadsheet would be used when the papers were published on the CMA website.
- The five OCCPs approved by the Commission to date were implemented in the June 01 release of the Operational Code: OCCP004; OCCP005; OCCP006; OCCP012 and OCCP016.
- Correspondence from the Commission concerning the Approval of OCCP016 is shown in Annex AA to this minute.
- The table at the end of this minute shows the status of all changes immediately AFTER this Technical Panel.

3. Code Release Schedule

3.1 Market Code

- The TP Secretary advised that the next release of the Market Code is scheduled for the end of July 2008. It will include any MCCPs approved at this meeting and subsequently approved by the Commission. Consideration had been given to advancing the publication date by about a week to coordinate with an expected Commission Change (the discussion concerning the Commission change is reported under AOB).
- The Chair noted the need for absolute discipline in sticking to the published timetable for Market Code releases.
- Two releases are currently timetabled, the second of which is October 29th 2008. The CMA advised that the publication timetable would be published and noted that it is possible to issue ad-hoc releases between scheduled releases.
- [Additional information added after the meeting. The previous minute had noted the need for the Commission to sign revised Operational and Market Codes. The CMA had reviewed this with the Commission and the outcome is that this requirement has been discontinued.]

3.2 Operational Code

- SW advised that they would try to coordinate with releases of the Market Code. However it asked for a timetable of changes to be published so the dates could be coordinated.
- There are currently no plans to update the Operational Code.

4. Propose Market Code Changes

4.1 MCCP014 Remove example calendar from CSD0201 proposed by the CMA.

4.1.1 Introduction by the CMA

- Appendix 1 of CSD0201 contains an **example** settlement calendar created in the summer of 2007 which differs from the “Official” calendar published by the CMA on the CMA website: <http://www.cmascotland.com/Settlements>
- This discrepancy was reported to the CMA by a Market Participant (incident number E0121)
- It is undesirable to have settlement calendar information held in two locations and for the values to differ.
- The proposed change removes the appendix so that the settlement calendar is published in one location only.

4.1.2 Discussion by the TP

- The Commission asked whether this change was necessary as the Appendix did contain the word “example”. The Commission postulated that the change may not be considered important enough to warrant a change. The Commission advised that it wanted market documents to remain stable as far as possible.
- The CMA noted that the MCCP set out how the change improved the compliance with the Market Principles as it was required to do under the Market Code. The CMA enquired whether the Commission was proposing document stability as an additional requirement that change proposals had to be considered against.
- The Commission did not consider a new requirement had been introduced as the Commission’s view that documents should remain stable as far as possible had been stated clearly before in Alan Sutherland’s letter to Jeremy Atkinson of 20 March 2008 (See Annex BB).
- SW noted that the discrepancy had caused time and effort to clarify.
- In response to general concerns about change control the CMA provided assurance to TP Members that the Settlement Calendar published on the CMA website would not be amended without prior consultation with Trading Parties.

4.1.3 TP Decision

- The TP unanimously approved the change MCCP014.

4.2 **MCCP015 Format of the Aggregated Settlement reports - proposed by SW**

4.2.1 SW summarised its paper

- The format was not specified in the respective CSD, i.e. the CSD is written at very high level and does not constitute a specification on which any development activity can be undertaken.
- It was important that the format is fully specified and brought under change control.
- The as-built format does not suit operational usage by SW as it requires manual intervention to process into a bill; given the short turn around, this will exacerbated with increasing numbers of LPs. This situation also gives rise to audit concerns.
- The intended future detailed data extracts will not provide SW with the LP identity so they cannot be used for billing purposes.
- SW is happy to work with the CMA to refine the specification.

4.2.2 Discussion

- BS stated that they understood the logic of the proposed change and advised that it would not have an impact on them.
- Satec said they could understand the change and commented on the audit issue.
- The CMA agreed that the format should be specified but questioned whether the current format should be amended.
- The Chair summarised as follows:
 - It was agreed that the format of the aggregated settlement report should be properly specified within the CSD and be subject to change control, but
 - There was no decision on the matter of changing the format as that required Impact Assessment.

4.2.3 Next Action

- LPs to advise the CMA of the impact of the change on them with 5 Business Days.
- The CMA to arrange for a technical impact to be carried out in time for the next TP.

5. **Proposed Operational Code Changes**

- None.

6. **Standing Items**

6.1 **Working Procedures issue or updated**

- None.

6.2 **Guidance Notes issued issue or amended**

- None.

7. Matters Arising and AOB

7.1 Commission Change to the Market Code

- The Commission advised that it is to introduce a change to the Market Code in July to simplify the process for new entrants. The change would affect those LPs who were only going to use the LVI. The change would replace the current market assurance activity with a few days of training.
- SW asked whether there was to be any consultation as it and other participants may be affected by this change.
- Satec considered that changes to the Market Code appear to be being made without an adequate consultation process. They advised TP members that they had raised concerns about the administrative process required before assurance testing could start but did not have concerns about the testing itself. They noted that this concern had been addressed by Gemserv.
- The Commission stated that:
 - The change would only affect future new entrants and the CMA;
 - Market participants were welcome to air their views to the Commission.
- The CMA reported that the Commission had previously advised that it intended to replace assurance with testing. The CMA was not aware of any serious issues with the current assurance process. The CMA noted that there may be a case for reviewing the assurance process and that it should be carried out as follows:
 - Define the issues and risks that can arise from LVI usage;
 - Understand how assurance mitigates those risks to an acceptable level; and
 - Assess the proportionality of the assurance process.
- The CMA advised that any alternative to assurance should be subject to the same analysis.
- The Chair noted that it was a Commission prerogative as to whether to consult and the nature of any consultation. The Chair noted that the CMA could provide advice on who might be affected by the change.

7.2 Data Extract Update

7.2.1 Introduction by the CMA and discussion

- The TO introduced the paper: TP010-June Update.
- The TO advised that the paper set out the principles used within the design in response to the request at the last TP.
- The TO noted that the Standing Data extract had been passed to Bridgeall however there were still some questions about the Settlement Data extract relating to the presentation of a few items in the Wholesale Scheme of Charges. The CMA indicated that the matter would be completed in the following week.
- The CMA advised that it would normally take about two months to develop and test the extracts from completion of the specification but this would probably be affected by the holiday period. The specifications were nearly completed.

7.3 Update on DR02 replacement

- Previous data was sourced from Business Stream’s HiAffinity System.
- The proposal is to source the report directly from the Central System.
- The general concept is the data extract replicates the data flows sent to incoming LPs at the time of Transfer but with a few additions. Where there is an address the CMA will issue all the data items including the full postcode. The history of meter reads will also be provided.
- Specification has been issued to Gemserv for an impact assessment to be carried out.

7.4 Alternative to RV based charging

- The CMA reiterated its comments made under Agenda Item 2.4 (Changes to the Trade Effluent Charging method) that it would be necessary for a well formed proposal to be approved by the TP August so that it could be finalised in time for formal approval at the October TP.

7.5 Next Meeting Dates

Meeting	Papers to the CMA by	Time of Meeting
5 th TP	Wednesday 13/08/2008 23:59	Thursday 28 th August 2008 @ 10.00
6 th TP	Wednesday 24/09/2008 23:59	Thursday 9 th October 2008 @ 10.00
7 th TP	Wednesday 27/11/2008 23.59	Thursday 11 th December 2008 @ 10.00
8 th TP	Wednesday 04/02/2009 23:59	Thursday 19th February 2009@10.00
9 th TP	Wednesday 01/04/2009 23:59	Thursday 16th April 2009@10.00
10 th TP	Wednesday 03/06/2009 23:59	Thursday 18th June 2009@10.00
11 th TP	Wednesday 05/08/2009 23.59	Thursday 20th August 2009@10.00

7.6 [Additional information added after the meeting: TP papers on the CMA Website

- The CMA Website was upgraded on June 19 with a new tab that provides information about TP meetings.
- It is intended to update these pages shortly after each TP meeting.]

8. **Annex AA Correspondence from the Commission concerning the MCCPs and OCCPs submitted to the Commission for approval after the April Technical Panel**



Date: 15 May 2008
Our Ref: 080514 Letter to CMA re TP meeting on 080417
Your Ref:

Jeremy Atkinson
Chief Executive
Central Market Agency
Ochil House
Springkerse Business Park
Stirling
FK7 7XE

Dear Jeremy

Technical Panel

I refer to the Technical Panel meeting that took place on 17 April 2008 and the two Final Reports submitted to the Commission on 29 April 2008.

The Commission has reviewed Final Reports MCCP013 and OCCP016, and I can confirm that the Commission has consented to these change proposals in accordance with Sections 8.7.1(xi) and 8.8.1(ix) of the Market Code respectively.

Please let me know if you have any questions on the above.

Yours sincerely

A handwritten signature in black ink, appearing to read "R. Khaldi".

Richard Khaldi
Analyst

9. Annex BB Correspondence from the Commission referred to in item 4.1

Date: 20 March 2008
Our Ref: 080318 Letter to CMA re TP meeting on 080221
Your Ref:

Jeremy Atkinson
Chief Executive
Central Market Agency
Ochil House
Springkerse Business Park
Stirling
FK7 7XE

Dear Jeremy

Technical Panel

I write regarding the Technical Panel (TP) in general and in particular the meeting that took place on 21 February 2008 and the thirteen Code change proposals that arose as a result of that meeting.

I set out below an update on the Commission's position in relation to the change proposals before outlining my concerns over the progress of the Technical Panel.

Richard Khaldi wrote to the Technical Panel Secretary, Alan Jones, on 7 March 2008 regarding four of the Code change proposals which were presented to the Commission following the TP meeting. Richard confirmed that the Commission had no comment on those three Market Code¹ and one Operational Code² change proposals and was therefore content for these proposals to be implemented. I can now confirm further that the Commission has no comment on M CCP004, O CCP004 and O CCP006 and therefore confirms its consent to these change proposals in accordance with Sections 8.7.1(xi) and 8.8.1(ix) of the Market Code respectively.

In relation to Market Code Change Proposal M CCP010, the Commission has considered the representations made by Scottish Water concerning customer own reads for monthly meter reads. Notwithstanding the representations made by Scottish Water, the Commission does not believe that M CCP010 is outwith the Market Code Objectives or is

¹ M CCP002, M CCP004 and M CCP009

² O CCP012



inconsistent with the Market Code Principles. The Commission therefore confirms its consent to Market Code Change Proposal M CCP010 in accordance with Section 8.7.1(xi) of the Market Code.

The change proposals I refer to above, which the Commission has approved, in my view fall into two clear classes; the first are amendments to correct obvious errors or omissions within the codes, and the second are amendments requested by all licensed providers to assist their activities within the market. I am concerned with those change proposals that fall outside of these two classes which, in my view, includes all four remaining Operational Code and two Market Code change proposals. In my view, changes to the codes should only be proposed where there are good reasons for doing so, particularly when the market has not yet opened and systems have not been exposed to any form of robust market activity.

Unless it can be shown that a change proposal is necessary to correct a demonstrable problem, I am not persuaded that there is good reason to alter the market framework at this time. Changes which are suggested without such reasons would, in my view, fail to adhere to the principles of proportionality and simplicity set out in the Codes and Services Directions. The Commission has therefore decided not to approve Operational Code Change Proposals OCCP003, OCCP007, OCCP008 and OCCP009 as it may do under Section 8.8.1(ix) of the Market Code. Further, it has decided not to approve Market Code Change Proposals M CCP007 and M CCP008 as it may do under Section 8.7.1(x) of the Market Code.

The Commission will apply the principles of proportionality and simplicity (as I set out above) first and foremost when reviewing future change proposals. I would hope that all parties to the TP will bear this approach in mind before suggesting further amendments. In this regard I have copied this letter to Scottish Water and all licensed providers.

Please let me know if you have any questions on the above.

Yours sincerely

A handwritten signature in black ink, appearing to read "Alan Sutherland".

Alan Sutherland
Chief Executive

MCCP Changes

Reference No	From Whom	Title of Change Proposal	Date of Meeting	TP Approved	Date of Commission Response	Response	Comment
MCCP-001	Jessie McLeman-SW	CSD0201	Revised before meeting	NA			Revised before meeting
MCCP-001 V3	Jessie McLeman-SW	CSD0201 / Reconciliation	17/01/2008				Work in Progress - see TP010
MCCP-002	Gemserv	Monthly Read Meters	17/01/2008	NA			
MCCP-002			21/02/2008	Yes	07/03/2008	Accepted	Implemented 01/06/2008
MCCP-003	Jeremy Atkinson CMA	Alignment of Article and Market Code	17/01/2008	Yes	12/02/2008	Blocked Pending more work	
MCCP-003			19/06/2008	Yes		Accepted prior to TP meeting	Planned to be implemented in July release of the Market Code
MCCP004	Alan Jones	Submission of papers to the TP Secretary	21/02/2008	Yes	07/03/2008	Accepted	Implemented 01/06/2008
MCCP005	Alan Jones	Amend scope of implementation details approved by the TP	21/02/2008	N/A			withdrawn at the meeting will not be re-presented
MCCP006	Alan Jones	Revised the method of reporting the TP decision	21/02/2008	N/A			withdrawn at the meeting will not be re-presented
MCCP007	Alan Jones	Simplify the procedure for an Urgent Change.	21/02/2008	Yes	20/03/2008	Blocked	

MCCP008	Alan Jones	Discretion to determine the frequency of Performance Standards reporting.	21/08/2008	Yes	20/03/2008	Blocked	
MCCP009	Alan Jones	Correction of Errata	21/02/2008	Yes	20/03/2008	Accepted	Implemented 01/06/2008
MCCP010	Business Stream	Customer own reads	21/02/2008	Yes	07/03/2008	Accepted	Implemented 01/06/2008
MCCP011	Alan Jones	Changes to CMA charges	21/02/2008				Revised definition circulated after the meeting. TP to vote via email
MCCP011	Alan Jones	Changes to CMA charges	19/06/2008				
MCCP012	Jessie McLeman-SW	Use of TE Treatment Type Indicators in charging	17/04/2008				TP sought clarification before item is sent for technical impact
MCCP012			19/06/2008				Business carination obtained. High level technical impact indicated a significant change. TP sought further assessment of the current workaround
MCCP013	Kevin Milne - CMA	CSD0101 Errata	17/04/2008	Yes	15/05/2008	Accepted	Implemented 01/06/2008
MCCP014	Alan Jones - CMA	Remove Example Calendar from the CSD0201	17/04/2008				
MCCP014			19/06/2008	Yes			
MCCP015	Jessie McLeman-SW	Format of existing aggregated reconciliation reports	19/06/2008				LPs to advise of impact of the change. CMA to carry out technical impact

OCCP Changes

Reference No	Date Received	From Whom	Title of the Change Proposal	Date of Meeting	Evaluation Required Y/N	TP Approved	Date of Commission Response	Commission Decision	Comment
OCCP-001	13/11/2007	Jessie McLeman-SW	Process 1 & 2 Quotation for Connection						Withdrawn December 2007
OCCP-002	13/11/2007	Jessie McLeman-SW	Process 1-4 New connection						Withdrawn December 2007
OCCP-003	21/11/2007	Tom May-SWBS	Process 8	17/01/2008	Yes	No			
OCCP-003			Existing unmetered supply point	21/02/2008		Yes	20/03/2008	Blocked	
OCCP-004	21/11/2007	Tom May-SWBS	Process 27 Application for a non-return to sewer allowance	17/01/2008		Yes	12/02/2008	Blocked	CMA modification was rejected by the Commission so original was resubmitted at following TP
OCCP-004			-	21/02/2008		Yes	20/03/2008	Accepted	Implemented June 1. 2008

OCCP-005	27/11/2007	Jessie McLeman-SW	Process 22 & 25 Trade Effluent Form H	17/01/2007	Yes	12/02/2008	Accepted	Implemented June 1. 2008
OCCP-006	11/02/2008	Jessie McLeman-SW	Verification of Supply Point Request	21/02/2008	Yes	20/03/2008	Accepted	Implemented June 1. 2008
OCCP-007	11/02/2008	Jessie McLeman-SW	Form A & B Connection Quotation Request Form`	21/02/2008	Yes	20/03/2008	Blocked	
OCCP-008	11/02/2008	Jessie McLeman-SW	Forms A1 New Connection Request	21/02/2008	Yes	20/03/2008	Blocked	
OCCP-009	11/02/2008	Jessie McLeman-SW	Forms C & D Modification of Forms	21/02/2008	Yes	20/03/2008	Blocked	
OCCP-010	11/02/2008	Jessie McLeman-SW	New Forms C1 and D1	21/02/2008	Yes	03/04/2008	Blocked	
OCCP-011	11/02/2008	Jessie McLeman-SW	Form E Development Appraisal Process	21/02/2008	No			Withdrawn pending further work by SW
OCCP-012	11/02/2008	Jessie McLeman-SW	Form J Building Water	21/02/2008	Yes	07/03/2008	Accepted	Implemented June 1. 2008
OCCP-016	01/04/2008	M Powles - BS	Amend Process 8 Performance Standard	17/04/2008	Yes	15/05/2008	Accepted	Implemented June 1. 2008