

**45th. Technical Panel Meeting
Approved Minute**

Present

Brian Saunders (BS) – CMA (TP Chair)
Amanda Hancock (AH) – CMA
Belinda Oldfield (BO) – Scottish Water
Kevin Ensell (KE) – AWBN
Tony March (TM) – AWBN
Neil Cohen (NC) – CMA (TP Secretary)
David Walters (DW) – Commission
Erik Igelstrom (EI) – Commission
Mike Brindle (MB) – United Utilities
Emma Norris (EN) – Thames Water
Duncan Innes (DI) – Business Stream
Stuart Baldwin (SB) – Aimera
Richard Masterson (RM) – Severn Trent
Stewart Yardley (SY) – Clear Business Water
Iain Clark (IC) – Commercial Water Solutions
Scott MacLeod (SMcL) – Cobalt
Peter Strain (PS) – Castle

Apologies

Tom May (TM) – Veolia
Rosalind Carey (RC) – Business Stream

Kevin Ensell

Brian Saunders noted that Tony March was present at the TP as an observer, as Tony will be taking over from Kevin Ensell as the AWBN TP Representative and this would be the last TP that Kevin Ensell will attend.

Brian Saunders noted that Kevin had made a significant contribution to the Technical Panel, as well as to the CMA Board and other areas of the market, since its inception in 2008. Brian Saunders also noted that such contributions had always been made with good grace and in a positive manner and Brian, along with all TP representatives thanked Kevin for his support to the TP and wished him well with his future endeavours.

1. Minute

The minute of 11 December 2014 was approved.

2. Actions and Administrative Update

NC provided an update on the action log, noting that all previous actions had been completed.

NC noted that no change proposals had been withdrawn at or since the last meeting and that MCCP164 had been implemented since the last meeting.

NC noted that there had been no Commission Changes implemented or introduced since the last meeting.

NC noted that bulletins BU104 (CMA Office and CMA CS Availability: December 2014/January 2015) and BU105 (RF 2013/14) had been issued since the last meeting and that, in respect of BU105, NC noted that RF had now run successfully and would be published in accordance with the Settlement Calendar on 2015-02-23. NC also noted that no new Guidance Notes had been issued since the last TP, and no changes or additions had been made to the TP Meeting schedule.

3. Change Proposals in Progress

There were no change proposals in progress.

4. New Change Proposals

MCCP163 – March 2015 CSD Drafting

NC presented this proposal and explained that this was the routine submission of consolidated CSD and Market Code drafting for the Approved Changes being delivered for the March 2015 release project.

The proposal was unanimously approved.

ACTION AP352: CMA to issue a Final Report to WICS for MCCP163.

MCCP165 – Performance Measures for SPID Transfers

KE presented this proposal, which had been developed following discussion at the DQ and PM Working Group. The proposal sought to modify the R9 Performance Measure, such that it included both T Reads and S reads and DW noted that the proposal also included a new re-set for the R10 measure, when a SPID transferred. SY asked why the timescale for the measure had changed from 2 BDs to 5BDs. DW explained that the market rules identified that a transfer read should be submitted within 2 BDs of the read date, but that the read should be taken within 2 BDs of the transfer. NC noted also that the window for the submission of an S read was 5 BDs and, hence the Working Group accepted that 5 BDs was a reasonable window for both of these.

The proposal was unanimously approved.

ACTION AP353: CMA to issue a Final Report to WICS for MCCP165.

MCCP166 – Removal of CSD Drafting for Use of Actual (TE) Volume Discharged.

NC presented this proposal and explained that this was the last of a series of changes to remove redundant elements of the market rules. NC explained that the

transactions to submit actual TE volumes had been removed, along with all associated processing and reporting and the RF for the last periods when this approach had been used had passed some time ago. This proposal now sought to remove the settlement rules associated with this redundant approach.

The proposal was unanimously approved.

ACTION AP354: CMA to issue a Final Report to WICS for MCCP166.

MCCP167 – POLR and Gap Site Opt Outs for New LPs

NC presented this proposal, which the CMA had brought forward because a recent new entrant LP had requested that they be included in both the POLR and Gap Site allocation arrangements. NC explained that the current Market Code drafting was somewhat ambiguous in respect of this type of request and this proposal sought to establish clear rules for new entrant LPs that would be analogous to those for existing LPs, albeit building incrementally on existing drafting. NC also noted that initial comments had been sought from the Commission and this had resulted in a modest simplification to the suggested drafting; retaining references to LPs for existing participants, but referring to Trading Parties for the new entrants. This leads to the following for the proposed drafting (with the changes from the current Market Code shown in red);

5.3.6 Provider of Last Resort Provider should be amended as follows:

(i)(c)(2) In order to opt out of being allocated POLR Supply Points, an **existing** Licensed Provider must inform the CMA at least 15 business days before the start of the Year confirming that they wish to opt out of receiving POLR **and Gap Site** Supply Points for that Year. **Any party, on becoming a Trading Party within a Year, or within 15 Business Days of a Year, will be deemed to have opted out until the end of that Year, unless such Trading Party informs the CMA that they wish to opt in to receive POLR Supply Points for that Year, which they must do within 15 Business Days of becoming a Trading Party.**

(i)(c)(3) For the purposes of opting out for any given Year, no Licensed Provider that holds more than 20% market share at the end of the preceding Year (based on their wholesale charges from the most recent R1 Settlement Run) may chose to opt out and must therefore always accept POLR Supply Points. No Licensed Provider will have its POLR status change during the course of a Year due to changes in its Market share i.e. opt outs are valid for an entire Year. ~~Any new Licensed Provider obtaining a license during the course of any Year will be deemed to have opted out until the end of that Year.~~

5.4.11 Gap Site Allocation Process should be amended as follows:

(iv)(b) In order to opt out of being allocated customers at Gap Sites, an **existing** Licensed Provider must inform the CMA at least 15 business days before the start of the Year confirming that they wish to opt out of receiving customers at Gap Sites for that Year. **Any party, on becoming a Trading Party within a Year, or within 15 Business Days of a Year, will be deemed to have opted out of being allocated Gap Sites, unless such Trading Party informs the CMA that they wish to opt in to receive Gap Site Supply Points for that Year, which they must do within 15 Business Days of becoming a Trading Party.**

(iv)(c) For the purposes of opting out for any given Year, no Licensed Provider that holds more than 20% market share at the end of the preceding Year (based on their wholesale charges from the most recent R1 Settlement Run) may chose to opt out and must therefore always accept customers at Gap Sites in accordance with Section 5.4.11 (iii). No Licensed Provider will have its Gap Site status change during the course of a Year due to changes in its Market share i.e. opt outs are valid for an entire Year. ~~Any new Licensed Provider obtaining a license during the course of any Year will be deemed to have opted out until the end of that Year.~~

The proposal was unanimously approved, subject to the above modifications to the proposed drafting being incorporated.

ACTION AP355: CMA to modify MCCP167 as agreed by the TP and to issue a Final Report to WICS for MCCP167.

MCCP168 – Getting Gap Sites Tradable

SY presented this proposal and noted that the current market rules allowed Gap Sites to be allocated to those who had not opted out of this allocation process, regardless of how well the particular LP was able to administer these Gap Sites. This proposal sought to introduce a temporary opt out for LPs not able to make 80% of the SPIDs allocated to them, in any month, tradable.

IC asked what would happen under such rules if all LPs failed the criterion. DW noted that the proposal excluded those LPs with greater than 20% market share, so they would always be included. SB asked how the proposal dealt with instances where an LP was unable to make a Gap Site SPID tradable because there were difficulties in getting validation confirmed for such a SPID from SW. SY explained that this was the reason for setting the success level at 80%, following discussion with SW; to allow for some SPIDs that might take more time to progress. KE asked how LP performance might be monitored. NC noted that the proposal included a market level report that would identify status and would be reported to the MPF. DI asked whether making the NAPS Report more widely available would assist in this and DW asked whether participants could see which Gap Sites were being allocated, who the customer was and what progress was made for such SPIDs. SY noted that Partial SPIDs are visible to all, although allocations are not explicitly identified, except on Silver Tassie, but the Silver Tassie entries disappear once the SPID is picked up by SW. BO noted that SW can see all Gaps and all entries on NAPS.

MB suggested that there might be an unintended consequence of the proposal, in that it effectively enabled intra-year opt outs, since an LP could simply fail to make sufficient SPIDs tradable and then be excluded. Although BS suggested that this could, in effect, be done now, although back-logs would continue to build up. BO expressed a concern that such back-logs were in fact building up, but suggested that a performance measure might be an easier option than that in the proposal. BS wondered if this might entail a measure on both LPs and SW. TM agreed, noting that both the LP and SW influenced performance in this case. BO also noted that some LPs perform well in getting Gaps tradable, whilst others do not and it was not clear that any systematic bias in allocation was occurring. SB wondered whether there was an issue with Gaps becoming tradable, but vacant and DW noted that,

although a potentially inappropriate vacancy flag was an issue, this might be a lesser evil than the SPID being left in a Partial state.

SB noted a particular example where an LP may have a valid reason for not progressing a Gap Site; where many drainage SPIDs may arise at a premises and it may be difficult to confirm that these are tenant SPIDs. It may also be difficult to confirm the customers at such premises and there may also be difficulties where customers refuse to acknowledge the LP allocated to the SPIDs. DW wondered whether the CMA could in fact identify customer groupings for groups of SPIDs comprising a landlord and associated tenant SPIDs, as was done with POLR. NC suggested that the Gap Site process differed from the POLR one in that SPIDs were allocated individually, rather than as a bulk transfer. SB asked if SW might identify the customer as a tenant customer. BO felt that how grouping might be done for tenants and landlords needed to be separately considered. SY and BS also suggested that these were separate issues.

KE suggested that there was merit in the proposal and that use of performance measures may actually be more problematic, but in any event, there would be the issue of how to deal with the most difficult SPIDs being left in a partial state. KE proposed that a Working Group ought to consider this in more detail. This was generally agreed and NC suggested that the issue was sufficiently close to those being considered by the DQ and PM Working Group that this group should be asked to take this matter forward. EN asked if all those LPs currently in the allocator attended the WG. NC thought that some, but not all, attended. NC agreed to invite all such LPs to the next WG and to add the issue of getting Gap Sites tradable to the WG's agenda.

ACTION AP356: CMA to ensure that all LPs in the Gap allocator are invited to the next WG and that 'Getting Gap Sites Tradable' is added to the WG's agenda.

5. Forward Planning Report

NC presented the report. NC noted that the March 2015 Release remained on schedule and also that CMACPx146, along with CMACPx147 had been approved for delivery in September 2015.

6. Annual Data Updates

NC explained that this was an information paper which summarised all of the preparatory data related issues for the new financial year. In particular, NC noted that SW had now confirmed the market data for the new financial year and that LPs wishing to opt out of the Gap Site allocation process and those wishing to opt out of the POLR allocation process were obliged to inform the CMA accordingly on or before 15 BDs of the start of the new financial year. NC drew attention to the pro-forma e-mails for these purposes in the report that LPs may wish to use. NC also

noted that, for future years, the opt out arrangements would be managed in a more automated fashion, via the LVI.

7. CMA Draft Budget for 2015/16 and Audit for 2015

BS explained that the budget note had been approved as a draft for issue to the TP by the CMA Board. BS noted that this budget was the lowest for the CMA in its history in both real and nominal terms, but the CMA Board had assured itself that all CMA obligations could be fulfilled and the Board were particularly concerned to avoid having to come back to Trading Parties for additional funding part way through the year. BS also noted that specific contingencies had been identified against specific eventualities and the amounts for these would be returned to Trading Parties if such eventualities did not materialise. KE additionally noted that there had been significant challenge at the CMA Board regarding these contingencies, to ensure that they were properly identified against particular eventualities, whilst noting that the next year would be a period of some uncertainty, including the possibility of there being some need to support activities regarding the development of the English arrangements. KE also noted that the CMA CEO had been asked to prepare the budget on a bottom-up basis.

MB noted that the contingency for support to England stood at £20k and, presumably, any formal support would be funded from the project in England. BS confirmed this, noting that the contingency was there to cover CMA effort with respect to any implications for Scotland. Any direct involvement in the English project would be externally funded. BS also noted that the CMA's objectives were in the process of being modified to reflect this possible activity. DW suggested that the real reduction in cost from the 2008 budget would be useful.

There were no further comments from the Technical Panel.

BS also presented the note on the 2015 audit, which fulfilled Action AP351, by identifying the likely involvement for Trading Parties. BO noted that the full audit plan would be presented to the CMA Board, but that it would be useful for Trading Parties to see this. For example, what was entailed by 'full scope testing'? AH noted that the Board had not yet agreed what will be involved in the various categories of testing and review, but this would be promulgated informally via the CMA's stakeholder meetings, as well as via the normal channels once finalised. BS noted that the scope of the audit was likely to be similar to last year.

8. Any Other Business

There was no AOB discussed.

Action Summary

Action	Subject	Update
<i>From the minute of the 45th. Meeting (19th February 2015)</i>		
AP352 CMA	Issue a Final Report to WICS for MCCP163	
AP353 CMA	Issue a Final Report to WICS for MCCP165	
AP354 CMA	Issue a Final Report to WICS for MCCP166	
AP355 CMA	Modify MCCP167 as agreed by the TP and issue a Final Report to WICS for MCCP167	
AP356 CMA	Ensure that all LPs in the Gap Site allocator are invited to the next DQ/PM WG and that 'Getting Gap Sites Tradable' is added to the WG's agenda.	