| MARKET CODE CHANGE PROPOSAL | | Draft Form Version 1.2 |
|---|---|---|
| Market Code Change Proposal Ref (Assigned by CMA) | MCCP047 | Version Number (Assigned by CMA) Version 1.0 |
| Title of the change | MC Schedule 21 Clarification | |

| 1. GENERAL DETAILS | Proposers are reminded that Change Proposals must be countersigned by the Proposer's Contract Manager or the person designated by the signatory to the Market Code Framework /Accession Agreement |
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| Company: | CMA | Org ID if assigned: | |
|---|---|---|---|
| Signature: | | Date: | 2nd June 2010 |
| | | Name: | Kevin Milne |

Contact details for the Proposal - the contact should be able to deal with queries regarding this Market Code Change Proposal and need not be the same person who has countersigned the Change Proposal

| Name: | Kevin Milne |
|---|---|
| Email Address: | Kevin.Milne@cmascotland.co.uk |
| Telephone and or Mobile: | 01786 468 866 |

| Number of Associated Documents | 01 | Name or link to documents | MCCP047_Schedule_21_Markup.doc |
|---|---|---|---|

If the MCCP will also affect the Operational Code, an OCCP must also be raised

| Indicate if there is an associated OCCP | | OCCP Ref: CMA use only | |
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URGENT – IF PROPOSER HAS INDICATED THIS MCCP IS URGENT, STATE REASONS HERE

The CMA Chief Executive will review this information and make a decision as to whether to take this MCCP forward as urgent as defined as under Market Code Part 8.7.1 (ii) (e)

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| 2. MARKET CODE CHANGE PROPOSAL DETAILS | |
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| A | ISSUE or DEFECT WHICH THIS MARKET CODE CHANGE PROPOSAL SEEKS TO ADDRESS required under Market Code Part 8.7.1 (ii) (b) |

The Market Code needs to be amended to reflect the use of Re-Assessed Service Elements in calculating CMA charges for Licensed Providers.

This proposal clarifies that Re-Assessed Service Elements for both Volumetric and Non Volumetric Charges are used to calculate the meter related charges at each SPID.

| B | DESCRIPTION OF NATURE AND PURPOSE OF THE CHANGE AND HOW IT MEETS THE MARKET CODE OBJECTIVES AND PRINCIPLES FOR THE MARKET DOCUMENTS required under Market Code Part 8.7.1 (ii) (c) |
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The Proposer should indicate which principles the change supports and whether there is any adverse effect on any principle(s).

| | a) Proportionality | e) Barriers to entry |
| | b) Transparency | f) Customer contact |
| | c) Simplicity, cost-effectiveness and security | g) Non-discrimination |
| | d) Non-exclusivity | h) Not detrimental to Scottish Water's core functions |

Meter related charges are used for the purpose of calculating each Licensed Provider's share of CMA charges. Re-Assessed charges were introduced by the Commission in August 2009 via MCCP35 and implemented in Market Code Version 10.

This change supports the principles of non-discrimination, proportionality & simplicity, cost-effectiveness and security.

| C | IMPACT – required under Market Code Part 8.7.1 (ii) (d), (f) and (g) |

The Proposer should indicate the sections of the Market Code affected, whether the Operational Code or CSDs, Wholesale Services Agreement or License is impacted and whether there are likely to be implications on:

| a) Central Systems | c) CMA Interfaces/ Processes |
| b) Trading Party's systems | d) Trading Party's business processes |

The change has no effect on Trading Parties business or computer systems.

| D | DRAFT LEGAL TEXT – required under Market Code Part 8.7.1 (ii) (d) |

Draft legal text is attached. It incorporates changes to Schedule 21 CMA Charges.

3. IMPLEMENTATION DETAILS - PROPOSED IMPLEMENTATION DATE OR LEAD TIME

Timescale must not overlap with the period of consultation with the Commission and should take account of the impacts identified in Section C. Any quoted lead time should commence from date of approval.

The Implementation Date will be the date of the next release of the Market Code following Approval by the Commission

4. ANY OTHER COMMENTS

The full text of the objectives and principles for the Market Code are set out in The Water Services (Codes and Services) Directions 2007 which can be downloaded from the Commission's website (http://www.watercommissioner.co.uk/view_Directions.aspx)