

**60th Technical Panel Meeting
Approved Minute**

Present

David Sigsworth (DS) – CMA (TP Chair)
Amanda Hancock (AH) – CMA (TP Secretary)
Jeremy Atkinson (JA) - CMA
Andrea Mancini (AM) – Commission
Duncan Innes (DI) – Business Stream
Tony March (TM) – AWBN
Peter Strain (PS) – Castle
Belinda Oldfield (BO) – Scottish Water
Mike Brindle (MB) – United Utilities
Ian Grundy (IG) – Pure Utilities
Paul Connelly (PC) – Blue Business Water
Liz Roberts (LR) – Aimeria
Tom May (TMV) – Veolia
Alan Logan (AL) – Source for Business
Dave Siddall (DSi) – Clear Business Water
Neil Hemmings (NH) – Scottish Water (Part)
Stephen McIntosh (SM) – Scottish Water (Part)
Andrew Morris (AMo) – CMA (Part)

Apologies

Katy Spackman (KS) – NWG Business
Charles Yates (CY) - Commission
Lynda McKay (LMcK) - Kelda
Rich Rankin (RR) - Brightwater

1. Introductions and Minute

As the incoming Chair, DS took an opportunity to introduce himself to the group and provide some background to the group for information.

AH confirmed that no comments had been received on the minute from June 2017, however a few typo's had been identified. AH has now corrected these as shown in the marked up minute. DS asked the meeting for confirmation the minute could be approved. The meeting confirmed it's approval.

2. Actions and Administrative Update

AH provided an update on the action log, noting that AP436 was superseded, and all other actions were now complete.

AH noted that two change proposals, M CCP208 and O CCP051 relating the Gap Site Process had been withdrawn by Anglian Water Business.

AH noted M CCP217 and O CCP054 and O CCP055 had now been agreed.

AH noted that no Commission Changes had been implemented since the last TP meeting, and no new Commission Changes had been introduced since the last meeting.

There were no new Bulletin or Guidance Notes, and one changes to the TP meeting date for August 2018.

3. Change Proposals in Progress

MCCP214 CC Live Rateable Value

DS took the opportunity to introduce this item, noting that there were two papers for discussion. The Commission had issued an updated proposal, and the CMA had put forward the supporting documentation (User Requirements and Legal Drafting) in support of this change. DS noted that as the CMA documentation was put forward as a solution that was implementable today, and able to meet the Government's policy on Live Rateable Value, it seemed sensible to cover this off first. The meeting could then address any further issues in the WIC paper. This was agreeable by the group. AM highlighted that the Commission had taken the opportunity in the latest draft of the CP to split out the wholesale and retail elements of the proposal. This was in support of the requirement to progress with the wholesale element in order to achieve the desired timescales, with the recognition that there was still some work to be done on the retail proposals.

AMo then talked the meeting through the User Requirements, noting that he would go into as much detail as he felt necessary, but was happy to progress further if participants felt it appropriate they could let him know. AMo highlighted a new data item was being created to identify which SPIDs would be in and out of transition. An additional data item would be for the RVF (Rateable Value Factor) which would allow the Central System to calculate linear cash increased in LRV. AMo noted that the current figure would need to be expanded by a further decimal place to ensure more exact linearity. IG asked whether that level of granularity was required. AMo suggested this was a question for WICs rather than the CMA. JA added that going down an additional decimal would have no additional cost impact on the project, and as such it made no difference to the CMA. It seemed sensible to be as accurate as possible given there was no financial impact on the project.

AMo then talked about assessed meter sizes, Property and Roads Drainage pricing, and various settlement calculations that would need to be updated in CS to ensure the LRV change is revenue neutral to Scottish Water. Once he had talked the group through the URs, he opened up the meeting for any questions on the requirements.

DI asked why there was a need to keep some SPIDs out of transition, and that previous discussions had been around all SPIDs being in transition. Having this distinction created additional workload and cost for participants. AMo deferred to the Commission on this. AM advised that the point of moving to LRV was to move to a more fair billing mechanism and as there would be some SPIDs that would not be subject to transition, the requirement for new data items and a flag were required.

LR added that the more complexities that are raised at this late stage mean additional costs for LPs, which are inevitably passed on to customers. If the customer is truly at the heart of this, then as a Market, we need to make the introduction of LRV as simple as possible for all concerned. For customers with multiple SPIDs, sending out bills with varying tariffs on them will only add to the confusion. DI added that with customers coming in post transition, they have not been charged previously, so have no comparison on charging parameters, which would make it easier to simplify tariffs.

DS asked the group if this was an issue that had been raised previously, or had it just come to light. AM noted that this charging was highlighted at the last TP meeting, so is not new, and should not come as a surprise. AM added that the Commission are considering an option to provide certainty on pricing at wholesale which would involve building in an assumption for inflation, which could be adjusted at the end of the period, thus giving LPs certainty across the whole of the transition period.

DS asked if the discussion this morning would pick up on this issue. AM stated that this discussion was unlikely to have an impact on development of the wholesale solution. AMo added that it was unclear at this stage, as it would depend on whether we were talking about having a two tariff approach or a three tariff approach. If we are looking to lock in tariffs, that in itself is not an issue, however if we have a non transitional SPID being charged a separate rate to a transitional SPID's Live RV charges. However if the discussion is around having a bespoke 3rd tariff for SPIDs not transitioning, then this is a significant change and will likely have an impact on development and lead-times.

AM did not think there was a requirement for two separate sets of tariffs as the LRV charge could simply be updated each year. The Commission has some worked examples which could demonstrate this. Essentially it would be the rebased charge, updated in each year for inflation. AMo confirmed that this would not be an issue for CMA and we could very well be given these year on year and would not require them in advance.

AM further noted that as the market moved towards the end of the transition period the CMA and LPs would require to update their billing systems to take into account the removal of the transitional charging periods moving forward. AMo advised that the CMA CS was currently set up to do this, as we are continually looking back at varying charge periods, so this is business as usual with the introduction of a new tariff year.

DS asked if there were any further questions for AMo before the floor was handed over to AM to discuss the Commissions paper on LRV. LR asked for clarification that the opportunity to include all SPIDs in transition had been taken off the table and was no longer up for discussion. AM confirmed that it was.

SMCl asked whether there was merit in removing the requirement for a performance measure on the LRV at this stage as there was no incentive on SWW to enter a £0 LRV as it would in effect lose revenue. AH advised that it was included as the timing of the submission may have a big cashflow impact on participants, hence the reason it was also deemed an LP Payment rather than a CMA performance measure.

Following discussion at the group, it was agreed that this UR would be removed, and that the requirement for a performance measure on this new data item could be reviewed next year when performance measures were being reviewed. SMCl added that this would provide some time to build up data to determine whether there was an issue that would drive the requirement for a performance penalty.

**AP439 AMo to update URs and circulate to the group by 22/8/17.
Participants to provide any feedback by COP on 29th August.**

AM then talked through the actual change proposal again highlighting the Commission's decision to split wholesale and retail. AM advised that they are considering looking at inflationary pricing for the full transition pricing, and advised that the Commission are leaning towards customer transfers terminating a customer's glide path, which would prevent the requirement for LPs to pass commercially sensitive information between each other. AM noted that there were a number of other scenario's that the Commission was looking at which would end a customer's transitional glide path.

DI asked whether there would be clear guidelines on things like change of use and how that could be defined to ensure there was no inappropriate behaviour. AM confirmed the rules would be clearly set out.

DS then asked for clarity on what the meeting was required to do to take forward this proposal. AH confirmed that as this was a Commission Change, it was provided to the TP for information only, however noted the above action on the CMA to send out the updated user requirements.

4. New Change Proposals

MCCP213 September CSD Drafting

AH introduced this CP and advised that this MCCP was the standard release CP that pulled together all approved changes, and captured any final refinements to documentation following review. Any changes not already approved were fleshed out in section A.2.d.

AH advised that the only significant change was related to transfer cancellations. It had been brought to the CMAs attention that there was a clause which dealt with late cancellations via the RA process. This is not something that is undertaken via the process, nor is the system designed to deal with it. On review the CMA has

proposed that this clause is removed from both the Market Code and the relevant CSD0103 as it is not appropriate to cancel transfers out with the transfer window.

There was a brief discussion, and the Market agreed with this position. No other comments were received. DS asked if the meeting were happy to approve this proposal. The TP unanimously voted to approve this proposal.

AP4340 AH to prepare final report for MCCP213 and forward to WIC for consultation.

MCCP218 Transfer Cancellations

AH advised that this proposal had been put forward by Clear Business Water, and handed over to DSI to introduce the paper. DSI talked through the proposal, highlighting key concerns they had about the interpretation of the processes around transfer cancellations. DSI confirmed that this paper looked to add text to the Market Code documentation to clarify what constitutes appropriate cancellations.

At this point AM commented that it may be appropriate to pick up the Commissions letter issued last week on blocking transfers rather than leave it to AOB. DS agreed that this would be an appropriate time for the discussion. AM stated that the letter from the Commission had sought to clarify the current rules, and set out their interpretation of them, and what expectations the Commission had for the Market to ensure it was operating properly, and in the best interest of consumers. AM then noted that he did not believe that the proposal on the table went far enough, highlighting that the Commission did not encourage verbal contracts. Whilst he appreciated they were legal, they did not believe it was best practice. AH highlighted a few concerns raised by LPs not present, mainly around ensuring supporting evidence being available where verbal contracts are used. DI asked whether the letter stated that a transfer request should be regarded as notice of cancellation for any kind of contract, regardless of how it was initially agreed. AM confirmed that this was the case.

MB asked whether this sort of thing belongs in the Market Code. AM noted that it may be something that could be put into the Code of Practice, but that this had yet to be fully launched by Participants.

LR added that she was supportive of the MCCP, but asked when and where there would be an opportunity to discuss the Commission letter in more detail. AM offered to host a workshop for LPs to discuss the issue if they felt there was merit.

At this point, DS asked the meeting to agree a way forward on the existing proposal on the table. The proposal in its current form was taken to a vote, and was rejected by 6 votes to 4, with Scottish Water abstaining.

AP441 AH to record MCCP218 as rejected by the TP

AH advised DSI that should he wish to consult with LPs with a view the bringing a revised paper to the next TP, then he should look to establish contact directly with LPs.

AH asked what was happening with the Code of Practice, and whether it was complete or had been implemented. MB noted that the working group had finalised the CoP and written to the Commission expressing its views that the Commission introduce this as a license condition as it would lack any real teeth if it was simply voluntary. AM noted that the Commission hoped that LPs would look to implement this as soon as possible on a voluntary basis, with noting that compliance could be monitored via the WICs audit.

5. Forward Planning Report

AH presented the report and confirmed that there had been no change in the MCCP or CMACPx log since the last meeting. The Release Calendar had been updated to bring the March 2018 release forward by a month, delivering in February 2018. Finally, AH added that the financial update on the Market Enhancement Project Funding had been updated to include the new request from Scottish Water for a further data quality project. JA confirmed that whilst the Board had approved the Scope of Works for the Project, they had queried the costs, and asked for a further breakdown from SWW. BO confirmed SWW was working on this and would provide an update at the next Board meeting, and subsequent TP meeting.

6. Any Other Business

DS asked the meeting whether there was any other business for discussion. The group confirmed there was not. DS noted that as the only item on the agenda for discussion, the WICs letter on blocked transfers, had already been addressed in the meeting, the meeting could be formally closed.

Action Summary

Action	Subject	Update
<i>From the minute of the 59th Meeting (15th June 2017)</i>		
AP432	AH to update the April minute to reflect WIC and CMA comment on delivery timescales.	Complete
AP433	AH to prepare final report for OCCP054 and forward to WIC for consultation.	Complete
AP434	AH to prepare final report for OCCP055 and forward to WIC for consultation.	Complete

Action	Subject	Update
AP435	AH to prepare final report for M CCP217 and forward to WIC for consultation.	Complete
AP436	WIC to aim to provide clear rules around default tariffs before the consultation closed on 23 rd June 2017.	Superseded
AP437	LPs to send responses sought in M CCP214-CC to the CMA by COP on 23 rd June 2017.	Complete
AP438	CY to consider extending the deadline for participants to respond on M CCP214-CC given the discussion around whether 1 week was a sufficient period for consultation.	Complete
<i>From the minute of the 60th Meeting (17th August 2017)</i>		
AP439	AMo to update URs and circulate to the group by 22/8/17. Participants to provide any feedback by COP on 29 th August.	
AP440	AH to prepare final report for M CCP213 and forward to WIC for consultation.	
AP441	AH to record M CCP218 as rejected by the TP	