

MARKET CODE / OPERATIONAL CODE CHANGE PROPOSAL

Form
version 3.0

Change Proposal reference
(To be completed by the TP Sec.)

OCCP072

Version No.

C.1

PART A — SUBMISSION

A.1. GENERAL DETAILS

A.1.a. TITLE Gap Site Process Improvements

A.1.b. COMPANY Scottish Water

Change Proposals must be authorised by the person designated by the signatory to the Market Code Framework / Accession Agreement

A.1.c. AUTHORISED SIGNATURE NAME Richard Lavery

A.1.d. CONTACT NAME Richard Lavery CONTACT EMAIL; TEL/MOB. richard.lavery@scottishwater.co.uk
07875 873845

A.1.e. ASSOCIATED MCCP / OCCP

A.1.f. ASSOCIATED DOCS.

A.1.g. PROPOSED URGENCY NON-URGENT

A.1.h. REASONS FOR URGENCY

The CMA CEO will review this information and make a decision as to whether to take this MCCP / OCCP forward as urgent as defined under Market Code Part 8.9.1

A.2. MCCP / OCCP DETAILS

A.2.a. ISSUE OR DEFECT WHICH THIS MCCP / OCCP SEEKS TO ADDRESS Required under Market Code Parts 8.7.1 (ii) (b) and 8.8.1 (ii) (b)

The Operational Code contains two processes for the registration of gap sites:

Process 29 – Gap Sites identified by Scottish Water

A letter is issued to the gap site giving the customer 15 business days to choose a Licensed Provider, otherwise the CMA randomly allocates the gap site to one of the Licensed Providers who have opted-in to the process.

Process 30 – Gap Sites identified by Licensed Provider

The gap site is registered to the applying Licensed Provider. The customer can switch LP later but will remain liable for any charges to the initial LP between registration and switching. The initial LP is eligible for an incentive payment for having identified the gap site, subject to certain qualifying criteria.

Gap sites are frequently identified by both Scottish Water and an LP (or multiple LPs) before they have been registered. The Operational Code does not specify how this scenario should be dealt with but for various practical reasons the historical approach has been:

- If multiple LPs identify a gap site, it is registered against the LP that submitted the first valid application to Scottish Water
- If Scottish Water receives a gap site application from an LP for a site which Scottish Water has already identified but has not yet finished registering – the gap site is registered to the applying LP

Areas of Customer Concern

A gap sites working group was established by the MPF and identified the following issues as recurring causes of customer complaints:

- Low customer awareness and understanding of what a gap site is, the registration process and what it will involve for the customer
- Customers unhappy that because their premises was identified by an LP, they have not had the opportunity to choose their initial LP (particularly if they're aware that SW-identified gap sites do get this opportunity)
- When customers are given the opportunity to choose an LP for SW-identified gap sites, many refer to Scotland on Tap but struggle to obtain quotes from prospective LPs. This is because LPs are reluctant to provide a quote without having clarity on the associated services (and therefore available margins) which are not currently visible before the SPID has been registered.

<p>A.2.b. DESCRIPTION OF THE NATURE AND PURPOSE OF THE MCCP / OCCP AND HOW IT MEETS THE MARKET CODE / OPERATIONAL CODE OBJECTIVES AND PRINCIPLES FOR THE MARKET DOCUMENTS Required under Market Code Parts 8.7.1 (ii) (c) and 8.8.1 (ii) (c)</p>		
<p>General Description</p>		
<p>The proposed improvements to Operational Code processes 29 and 30 would give customers the opportunity to choose an LP regardless of whether the gap site was first identified by an LP or by Scottish Water. They would also provide LPs with visibility of the verified services at a gap site prior to registration, in order that they are able to issue a quote to a potential customer if requested.</p> <p>It is intended that the changes would not affect eligibility for gap site incentives i.e. if a gap site is identified by an LP and is eligible for a gap site incentive payment according to the current scheme rules, the LP would continue to receive an incentive payment regardless of whether the customer takes the opportunity to choose a different Licensed Provider during the registration process. Minor drafting amendments to the gap site incentives scheme will be required to reflect this approach and are subject to confirmation by WICS.</p>		
<p>Principles and Objectives affected CMA Guidance Note GN009 may be referred to for assistance with this section</p>		
PRINCIPLE	AFFECTED (Y/N)	DESCRIPTION
Proportionality	Y	The changes to the sequence of the process will improve customer experience.
Transparency	Y	The changes will improve LP visibility of verified services to be registered at pending gap sites
Simplicity, Cost-effectiveness, and Security	N	
Non-exclusivity	N	
Barriers to Entry	N	
Customer Contact	Y	The changes will clarify the process for a customer choosing an LP during the registration process
Non-discrimination	N	
Non-detrimental to SW Core Functions	N	
MC / OC OBJECTIVES		

A.2.c. IMPACT Required under Market Code Parts 8.7.1 (ii) (d), (f) and (g), and 8.8.1 (ii) (d) and (f)		
CONFIGURED ITEM	IMPACTED (Y/N)	DESCRIPTION
MC / OC	Y	Changes to Operational Code processes 29 and 30. Separate MCCP to follow to with corresponding Market Code changes to align
CSDs	N	Separate MCCP to follow to align CSDs
Wholesale Services Agreements	N	
Licenses	N	
CMA Central Systems	N	
CMA business processes	N	
Trading Party systems	Y	No changes to transactions so impact expected to be limited to business processes
Trading party business processes	Y	

A.2.d. DRAFT LEGAL TEXT Required under Market Code Parts 8.7.1 (ii) (d) and 8.8.1 (ii) (d)
<p>Supply Point Registration, Verification and Deregistration Process 29 – Gap Site Supply Point Registration for Gap Sites identified by Scottish Water</p> <p>Purpose and scope of Process 29: - This Process sets out the operational arrangements which apply where Scottish Water identifies Eligible Premises which are in receipt of Water Services and/or Sewerage Services where no Supply Points are registered in relation to such Eligible Premises in the Supply Point Register. This Process may include an installation of a meter for a new Supply Point (see Process 8). This Process should also be used where Scottish Water identifies that the Temporary Transfer Arrangements applying at Eligible Premises are to cease, such that the Eligible Premises becomes Registered again to a Licensed Provider.</p> <p>Process:-</p> <p>Step 1</p> <p>Where Scottish Water identifies a Gap Site it will, within 25 Business Days of becoming aware of the site, write to the Non-Household Customer at the Eligible Premises informing them of the registration process which will be followed that they must choose a Licensed Provider within 15 Business Days of the date of the letter or a Licensed Provider will be allocated to the site. Within that 125 Business Days of the date of the letter period Scottish Water will also visit the Supply Point to:</p> <p>(i) verify the services provided at the Supply Point;</p>

- (ii) survey the site to install a meter¹ ; and therefore
- (iii) deem the site as unmeasurable or where appropriate install a meter in accordance with Process 8.

The above activity must be undertaken before Scottish Water notifies the CMA of the requirement for a new Supply Point. In the case of a site subject to the Temporary Transfer Arrangements, Scottish Water will Register the Supply Point to a Licensed Provider at the end of the 125 Business Day period and not be required firstly to install a meter (as the provision of any new Water Services required to the Eligible Premises will follow the New Connection Processes and may take longer). For clarity, a site visit to verify the services is required to be undertaken.

Step 2

Within 5 Business Days of verifying services, Scottish Water will write to the Non-Household Customer at the Eligible Premises providing them with a unique reference number and informing them that they must choose a Licensed Provider within 15 Business Days of the date of the letter or a Licensed Provider will be allocated to the site.

Step 3

Either:-

- (i) Where a Licensed Provider agrees to supply the Eligible Premises (following contact from the Non-Household Customer resulting from Step 24 above), the ~~Non-Household Customer Licensed Provider~~ will notify Scottish Water within 15 Business Days of ~~the date of the letter issued in Step 2 above agreeing to supply the Eligible Premises~~. Scottish Water will notify ~~the Licensed Provider and~~ the CMA of the requirement for a new Supply Point(s) and of the identity of the Licensed Provider to whom the Supply Point(s) should be registered in accordance with the Market Code, or of the identity of the Licensed Provider in the case of an Eligible Premises which has been subject to the Temporary Transfer Arrangements; or
- (ii) Where Scottish Water does not receive a notice from ~~the Non-Household Customer any Licensed Provider~~ of agreement ~~with any Licensed Provider~~ to supply the ~~Non-Household Customer Eligible Premises~~ within 17 Business Days from the date of Scottish Water's letter to the Non-Household Customer ~~in Step 2 above~~, Scottish Water will notify the CMA of the requirement for a new Supply Point(s) or Licensed Provider and a Licensed Provider will be allocated by the CMA in accordance with the Market Code.

Supply Point Registration, Verification and Deregistration Process 30 – Gap Site Supply Point Requests and Registration for Gap Sites identified by a Licensed Provider

Purpose and scope of Process 30: - This Process sets out the operational arrangements which apply where a Licensed Provider identifies Eligible Premises which are in receipt of Water Services and/or Sewerage Services where no Supply Points are registered in relation to such Eligible Premises in the Supply Point Register. This process should also be used where a Licensed Provider identifies an Eligible Premises which is subject to the Temporary Transfer Arrangements in the Supply Point Register but the circumstances are now such that it should be Registered to a Licensed Provider. This Process may include installation of a meter for a new Supply Point (see Process 8).

Process:-

¹ With regard to the installation of a meter, Step 1 assumes access is granted and no exceptional circumstances exist (for example a requirement for road closures/significant digs etc.). If for practical reasons, such as statutory notice periods for road closures or street works, a meter installation cannot be achieved within the KPI, a meter will be installed at a later date but always before registration into the market. If access is not granted but services have been verified, a Supply Point will be registered with unmeasured services.

Step 1

Where a Licensed Provider identifies a Gap Site it will, within 10 Business Days of becoming aware of the site, notify Scottish Water by submitting a Gap Site request form (Form M) as set out in the Appendix to this Code. The Licensed Provider must complete sections 1, 2, 6 and 7 of Form M for an application to be complete and will endeavour to complete sections 3 – 5 where possible. In completing Form M the Licensed Provider must provide the following information:

- Licensed Provider ID;
- the address of the Eligible Premises; and
- a declaration by the Licensed Provider regarding the information supplied in the form.

Step 2

On receiving the request from the Licensed Provider, Scottish Water will confirm the information supplied with its records.

Within 5 Business Days of receipt of a valid request from the Licensed Provider, Scottish Water will either notify the Licensed Provider that it considers the request to be invalid, providing reasons for its decision or **will write to the Non-Household Customer at the Eligible Premises informing them of the registration process which will be followed. Within 12 Business Days of the date of the letter within a further 10 Business Days** Scottish Water will visit the Supply Point to:

- (i) verify the services provided at the Supply Point;
- (ii) survey the site to install a meter²; and therefore
- (iii) deem the site as unmeasurable or where appropriate install a meter in accordance with Process 8.

The above activity must be undertaken before Scottish Water notifies the CMA of the requirement for a new Supply Point.

Step 3

Within 5 Business Days of verifying services, Scottish Water will write to the Non-Household Customer at the Eligible Premises providing them with a unique reference number and informing them that they must choose a Licensed Provider within 15 Business Days of the date of the letter or a Licensed Provider will be allocated to the site.

In the case of a site subject to the Temporary Transfer Arrangements, Scottish Water will Register the Supply Point to a Licensed Provider in accordance with Step 4~~3~~ below and will not be required firstly to install a meter (as the provision of any new Water Services required to the Eligible Premises will follow the New Connection Processes and may take longer). For clarity, a site visit to verify the services is required to be undertaken.

Step 4

Either:-

- (i) **Where a Licensed Provider agrees to supply the Eligible Premises (following contact from the Non-Household Customer resulting from Step 3 above), the Non-Household Customer will notify Scottish Water within 15 Business Days of the date of the letter issued in Step 3 above. Scottish Water will notify the Licensed Provider and the CMA of the requirement for a new Supply Point(s) and the identity of the Licensed Provider to whom the Supply Point(s) should be registered in accordance with the Market Code; or**
- (iii) **Where Scottish Water does not receive a notice from any Non-Household Customer of agreement with any Licensed Provider to supply the Eligible Premises within 17 Business**

² With regard to the installation of a meter, Step 2 assumes access is granted and no exceptional circumstances exist (for example a requirement for road closures/significant digs etc.). If for practical reasons, such as statutory notice periods for road closures or street works, a meter installation cannot be achieved within the KPI, a meter will be installed at a later date but always before registration into the market. If access is not granted but services have been verified, a Supply Point will be registered with unmeasured services.

Days from the date of Scottish Water's letter to the Non-Household Customer in Step 3 above, Scottish Water will notify the CMA of the requirement for a new Supply Point(s) in accordance with the Market Code and the Supply Point(s) will be allocated to the Licensed Provider that submitted Form M in Step 1 above.

~~Within 5 Business Days of installing a meter or deeming the site to be unmeasurable, Scottish Water will notify the CMA of the requirement for a new Supply Point(s) in accordance with the Market Code.~~

A.3. IMPLEMENTATION DETAILS

A.3.a. 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 A.2.c. Any quoted lead time should commence from date of Approval.

e.g. yyyy-mm-dd

A.3.b. ANY LIMITATIONS OR DEPENDENCIES FOR IMPLEMENTATION

A.4. ANY OTHER COMMENTS

PART B — TP ASSESSMENT

B.1. ASSESSMENT PROCESS

B.1.a. ASSESSMENT START DATE	2022-10-20	ASSESSMENT END DATE	2022-10-27
B.1.b. IMPACT ASSESSMENT REQUIREMENT	IA NOT REQUIRED		
B.1.c. CONSULTATION REQUIREMENT	TP CONSULTATION NOT REQUIRED		
B.1.d. ASSOCIATED DOCUMENTS (TO THIS PART B)			

B.2. ASSESSMENT DETAILS

B.2.a. CHANGE SPEC AND IMPACT (IF DIFFERENT FROM THAT ORIGINALLY SUBMITTED)	
B.2.b. CMA INTERNAL SYSTEMS IMPACT	
B.2.c. DRAFT LEGAL TEXT (IF DIFFERENT FROM THAT ORIGINALLY SUBMITTED)	
B.2.d. CUSTOMER IMPACT (TO BE COMPLETED BY LPS)	
Improves communication and clarity of the processes associated with gap sites.	
B.2.e. TP ASSESSMENT Taking into account complexity, importance and urgency, and having regard to whether or not such proposal is within the relevant Objectives and Principles as required under Market Code Parts 8.7.1 (v) and 8.8.1 (iv)	
Impact on Principles and Objectives (if different from that originally submitted)	n/a
Cost Estimate	n/a
Benefit Estimate (L: < 10k, M: £10k to £100k, H: > £100k)	
B.3. TP DECISION	TP APPROVED
B.4. FINAL TP VIEWS	Unanimously approved at the TP 2022-10-27
B.5. PLANNED IMPLEMENTATION DATE	TBA

WITHDRAWN BY PROPOSER?	No
COMMENTS	
DATE OF WITHDRAWAL	N/a

PART C — COMMISSION APPROVAL

C.1. DATE FINAL REPORT ISSUED TO COMMISSION	2022-11-22
C.2. APPROVAL STATUS	APPROVED CHANGE
C.3. DATE OF APPROVAL STATUS	2023-01-31
C.4. COMMISSION RESPONSE REFERENCE	

PART D — IMPLEMENTATION

D.1. IMPLEMENTATION DATE	TBA
D.2. IMPLEMENTATION DETAILS (MC version, CSD versions, CMA Central Systems release number, etc.)	