

CentralMarketAgency

At the heart of **Scotland's Water Market**



Business Review 2012-2013

“I am pleased to see the CMA confidently developing the services that it provides.”

Brian Saunders, Chairman



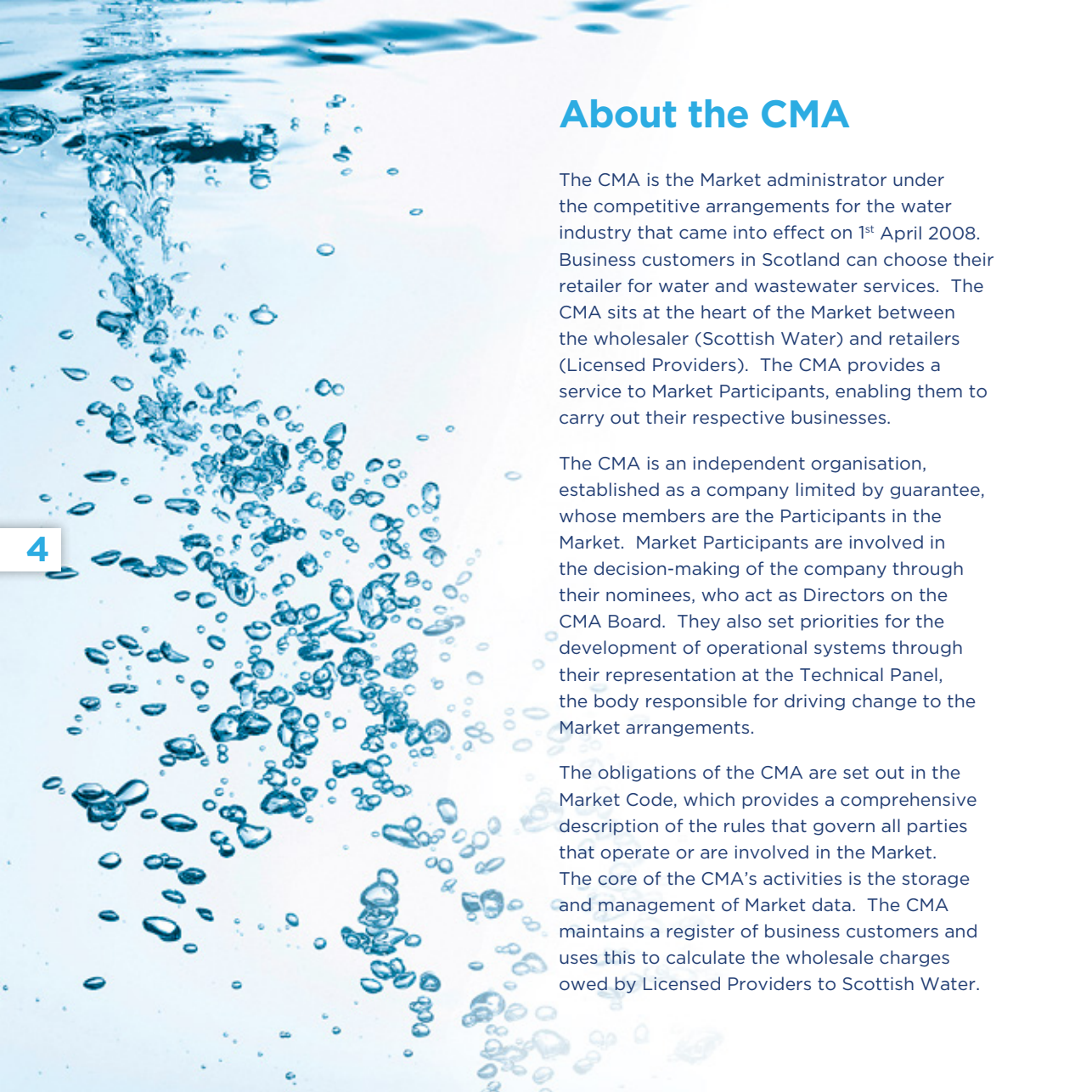
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At the heart of Scotland's Water Market



About the CMA

The CMA is the Market administrator under the competitive arrangements for the water industry that came into effect on 1st April 2008. Business customers in Scotland can choose their retailer for water and wastewater services. The CMA sits at the heart of the Market between the wholesaler (Scottish Water) and retailers (Licensed Providers). The CMA provides a service to Market Participants, enabling them to carry out their respective businesses.

The CMA is an independent organisation, established as a company limited by guarantee, whose members are the Participants in the Market. Market Participants are involved in the decision-making of the company through their nominees, who act as Directors on the CMA Board. They also set priorities for the development of operational systems through their representation at the Technical Panel, the body responsible for driving change to the Market arrangements.

The obligations of the CMA are set out in the Market Code, which provides a comprehensive description of the rules that govern all parties that operate or are involved in the Market. The core of the CMA's activities is the storage and management of Market data. The CMA maintains a register of business customers and uses this to calculate the wholesale charges owed by Licensed Providers to Scottish Water.

Chairman's statement



In 2012-13 the CMA has again delivered reliable and effective administration of the Market. The CMA has maintained and developed the Central Systems in line with Participants'

expectations, and provided support and assistance across a range of Market-related activities. I am pleased to see the CMA confidently developing the services that it provides for the benefit of Members.

The CMA Board continues to provide oversight of CMA operations and the wider performance of the Market. During 2012-13 I initiated an independent review of Board performance, which confirmed the effectiveness of the current governance arrangements. I am grateful for the continued support and commitment of my fellow Board members.

The Technical Panel has played an important role in assessing the benefits of change and setting priorities for the Market. They have

been supported in this by the Market Participant Forum and a number of working groups that have met during the year to address specific technical issues.

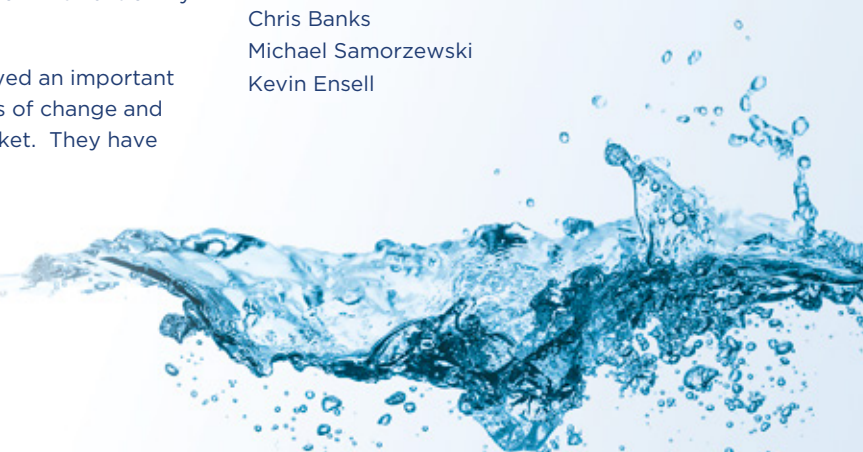
In the coming year we expect the Market to be a busy and vibrant place following the arrival of many new suppliers bringing fresh ideas and insights. I am sure that the CMA will continue to thrive in this environment.

Brian Saunders
Chairman, July 2013

The CMA Board

Brian Saunders [Chairman](#)
Jeremy Atkinson [Chief Executive](#)
Fred Hallsworth [Chairman, Audit Committee](#)
Brian Wilson [Chairman, Appointments Committee](#)
Chris Banks
Michael Samorzewski
Kevin Ensell

“ I am pleased to see the CMA confidently developing the services that it provides ”



Chief Executive's Review



During our fifth year of operation the CMA has focused on developing the services that we provide to Central Systems users and improving the quality of Market data. We also welcomed four new retailers to the Market, bringing to eight the number that supply services to business customers.

In 2012-13 our core program of work was delivered within the budget agreed by Participants at the start of the year. The scheduled software Releases of September 2012 and March 2013 delivered changes to the settlement calculation, while an additional project in June 2012 implemented a number of important improvements to the connections process.

We have now completed a fourth full cycle of annual settlement activities. In February 2013 we published the RF Settlement Reports for the financial year 2011-12. The calculation and reporting process has now become routine, and Market Participants can rely on an efficient and timely service.

An important measure of CMA

performance is compliance with the obligations set for us under the Market Code. 2012-13 saw the delivery of the fourth independent Market Audit commissioned by the Board of the CMA. The Market Auditors' opinion was that the CMA had again, in all material respects, complied with the relevant Code requirements in the performance of its duties.

The Market Audit highlighted that more work was needed to ensure appropriate levels of Market data quality. Under the auspices of the Board and Audit Committee, the CMA has continued to monitor and assess data quality, while assisting Market Participants with their data cleansing efforts.

During 2012-13 the Board took the decision that the CMA should design, manage and deliver a project on behalf of Market Participants to

improve various aspects of data quality. The CMA is carrying out work to compare the data held on the Central Systems database with data held by the Scottish Assessor. It is hoped that this will provide valuable opportunities to confirm the accuracy of Central Systems data and to make improvements where necessary.

“The CMA has provided one possible template for successful administration in a competitive retail Market”

In the summer the CMA carried out a web-based survey of Central Systems users and Market Participant managers. The objective of the survey was to understand how the Central Systems are being used and to provide a focus for improving the company's service delivery. We appreciate the time taken by all respondents to provide constructive feedback and new ideas for future development. The Board anticipates that the survey will help in identifying whether there are aspects of the Central Systems or its outputs which could be made easier for users and intends to follow-up with future surveys.

The Technical Panel has again been an active force in shaping the Market. Technical Panel members have continued to promote changes to the Market arrangements and to support data improvement efforts. We are grateful for their

constructive input.

Internally, there has been a focus on developing the business processes to ensure that they meet the demands of the growing number of Market Participants. Our team has shown commitment, ability and perseverance to enable the successful performance of our duties.

We are pleased that we have built on the achievements of 2011-12 and met the challenges presented in 2012-13. As discussion and debate regarding water industry reform continues in England, the CMA has provided one possible template for successful administration in a competitive retail Market.

Jeremy Atkinson

Chief Executive, July 2013

Operational & financial highlights

Enquiries handled	145
Transactions processed	1,845,199
Changes processed through the Technical Panel	10
Settlement runs delivered	49
System availability	99.9%

CMA costs

- CENTRAL SYSTEMS & TECHNICAL SUPPORT
- OFFICE & ADMINISTRATION
- STAFF COSTS



“The CMA has provided one possible template for successful administration in a competitive retail market.”

Jeremy Atkinson, Chief Executive



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