

OPERATIONAL CODE CHANGE PROPOSAL				Draft Form Version 1.2	
Operational Code Change Proposal Ref (Assigned by CMA)		OCCP031	Version Number (Assigned by CMA)		1.0
Title of the change		Changes to Process 28 and Form K			
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			
Company:	Business Stream		Org ID if assigned:		
Signature:	James Bream		Date:	29/9/10	
			Name:	James Bream	
Contact details for the Proposal - the contact should be able to deal with queries regarding this Operational Code Change Proposal and need not be the same person who has countersigned the Change Proposal					
		Name:	James Bream		
		Email Address:	James.bream@business-stream.co.uk		
		Telephone and or Mobile:	0131 338 3223		
Number of Associated Documents	02	Name or link to documents	100924 Changes to Form K.doc 100924 Changes to Process 28.doc		
If the OCCP will also affect the Operational Code, an MCCP must also be raised					
Indicate if there is an associated MCCP		N/a		MCCP Ref:	CMA use only
URGENT – IF PROPOSER HAS INDICATED THIS OCCP IS URGENT, STATE REASONS HERE					
The CMA Chief Executive will review this information and make a decision as to whether to take this OCCP forward as urgent as defined as under Market Code Part 8.8.1 (ii) (e)					
This is not an urgent change. This can be implemented with the next release of the operational code.					
2. OPERATIONAL CODE CHANGE PROPOSAL DETAILS					
A	ISSUE or DEFECT WHICH THIS OPERATIONAL CODE CHANGE PROPOSAL SEEKS TO ADDRESS required under Market Code Part 8.8.1 (ii) (b)				

This proposal is designed to address a market failure of information asymmetry.

Scottish Water visit sites as part of the Form K / Process 28 verification of services process. This process works well on many occasions however Licensed Providers face a challenge because responses vary significantly. This means the presentation and completeness of data is not always ensured after a site visit. Furthermore, Licensed Providers are not consistently provided with all data generated from a site visit,

We consider this means where a charge is incurred this can mean the LP receives a poor value for money service. This proposal will ensure that all information captured at a site visit and is consistently passed to the Licensed Provider in a controlled manner. In short the change will define what the '*findings of a site inspection*' actually are and ensure all parties are protected.

As a further benefit the change will help the management of charges arising from site visits. There is inconsistency in the application of charging for verification of services. The change recommends a tick box approach which allows Scottish Water to confirm if market data will be updated, and therefore whether a charge will be levied upon the Licensed Provider. This will create several benefits:

- It will allow later invoices from Scottish Water to be cross referenced for accuracy
- It will allow Licensed Providers to better manage their own requests for verifications
- It will protect Licensed Providers and Scottish Water in the case of disputed invoices / charges

This process formalises information flows which currently happen on an ad-hoc basis. Consistent application of processes will benefit the market. It is critical Licensed Providers are given a consistent response and service. Licensed Providers do not have the opportunity to 'reject' a response or form in the manner that Scottish Water can reject a form. This change will mean all parties know what to expect from the process.

B	DESCRIPTION OF NATURE AND PURPOSE OF THE CHANGE AND HOW IT MEETS THE OPERATIONAL CODE OBJECTIVES AND PRINCIPLES FOR THE MARKET DOCUMENTS required under Market Code Part 8.8.1 (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).

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|--|---|
| 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 |

The change is designed to be fair to all parties in the market and address a failure which exists. The change will not be detrimental to Scottish Water and will reduce administration associated with invoicing disputes. The changes will certainly benefit the functioning of the market with additional information being given to Licensed Providers which will in-turn help customer service.

The change should actually reduce barriers to entry by ensuring new and existing Licensed Providers are given the same service levels. The change is therefore non-exclusive.

The change is very simple to adopt, it is cheap to deliver and is proportional given the challenges faced in addressing metering issues in the market.

C	IMPACT – required under Market Code Part 8.8.1 (ii) (f)
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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 |

- a) Central Systems – No impact
- b) Trading Party's systems No impact, unless Scottish Water seek to store form responses to Licensed Providers
- c) CMA Interfaces/ Processes – No impact
- d) Trading Party's business processes – benefit to LP processes in terms of charging reconciliation and customer service. Minor impact for Scottish Water to formally record and provide data collected on site visit.

D	DRAFT LEGAL TEXT – required under Market Code Part 8.8.1 (ii) (d)
See attached document	
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 Operational Code following Approval by the Commission	
4. ANY OTHER COMMENTS	

The full text of the objectives and principles for the Operational 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/Comp/ServiceDirections.asp>)