

MARKET CODE CHANGE PROPOSAL				Draft Form Version 1.2	
Market Code Change Proposal Ref (Assigned by CMA)		MCCP050	Version Number (Assigned by CMA)	1.0	
Title of the change		Change to 30 day vacancy rule			
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:	Pass signed copy to the TP Secretary before the start of the TP meeting at which the MCCP is to be presented; please remove this text.		Date:	02/06/10	
			Name:	James Bream	
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:	James Bream		
		Email Address:	James.bream@business-stream.co.uk		
		Telephone and or Mobile:	0131 338 3223		
Number of Associated Documents	1	Name or link to documents	Vacancy analysis summary paper		
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		
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)					
This is not an urgent change but it is an important one given that it is now a year since it was first highlighted. The change will address an inequity in the market between Scottish Water and Licensed Providers. Not addressing this issue will continue to cause an unfair burden on Licensed Providers financially.					
2. MARKET CODE CHANGE PROPOSAL DETAILS					
A	ISSUE or DEFECT WHICH THIS MARKET CODE CHANGE PROPOSAL SEEKS TO ADDRESS required under Market Code Part 8.7.1 (ii) (b)				
This proposed change impacts on the following area in the Market Code:					
Schedule 1 Definitions, Interpretation and Hierarchy 97 (Page 134) – Definition of a Vacant Premise <i>'any Eligible Premises which have been unoccupied by any Customer for a period in excess of one (1) Month'</i>					
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)				
The Proposer should indicate which principles the change supports and whether there is any adverse effect on any principle(s).					

a) Proportionality b) Transparency c) Simplicity, cost-effectiveness and security d) Non-exclusivity	e) Barriers to entry f) Customer contact g) Non-discrimination h) Not detrimental to Scottish Water's core functions				
<p>This change creates a fairer and transparent market as currently Licensed Providers are required to wait one calendar month to indicate that a property is vacant. There are two financial and discriminatory impacts to this method:</p> <ol style="list-style-type: none"> 1. Cashflow – this method means that Licensed Providers must fund the expected volumetric charge for a vacant property until the CMA is informed of the vacant status.. 2. Fixed Charge – the more significant implication of this issue is that Licensed Providers must bear the fixed charges for vacant properties for the first 30 days of non-occupancy. <p>In contrast to a month delay for informing of vacancy, Licensed providers must inform the CMA much more quickly upon occupation. The financial impact on licensed providers is therefore discriminatory in these cases and from a process point of view creates complexity which can be removed.</p> <p>The proposed change is fair to all market participants and relatively will be fair for all Licensed Providers. The change is completely transparent and is a cost effective solution to the problem. We do not believe that the changes impact adversely on any of the above principles.</p>					
C	IMPACT – required under Market Code Part 8.7.1 (ii) (d), (f) and (g)				
<p>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:</p> <table border="0"> <tr> <td>a) Central Systems</td> <td>c) CMA Interfaces/ Processes</td> </tr> <tr> <td>b) Trading Party's systems</td> <td>d) Trading Party's business processes</td> </tr> </table>		a) Central Systems	c) CMA Interfaces/ Processes	b) Trading Party's systems	d) Trading Party's business processes
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b) Trading Party's systems	d) Trading Party's business processes				
<p>The proposals impact on the market in the following manner:</p> <p>Central Systems – No impact</p> <p>Trading Party's systems – No impact</p> <p>CMA Interfaces/ Processes – No impact</p> <p>Trading Party's business processes – There may be a small impact on licensed providers business processes however we believe this would be minor for most parties.</p>					
D	DRAFT LEGAL TEXT – required under Market Code Part 8.7.1 (ii) (d)				
<p>Schedule 1 Definitions, Interpretation and Hierarchy 97 (Page 134) – Definition of a Vacant Premise <i>'any Eligible Premises which have been unoccupied by any Customer for a period in excess of 2 calendar days'</i></p>					
<p>3. IMPLEMENTATION DETAILS - PROPOSED IMPLEMENTATION DATE OR LEAD TIME</p>					
<p>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.</p>					
<p>This should be implemented with the next release of the Market Code. The change is straightforward to implement. The change will also have no impact on the vacancy incentive scheme as it will still ensure that a SPID would be flagged as vacant when it becomes unoccupied for at least 2 days.</p>					
<p>4. ANY OTHER COMMENTS</p>					

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)