

MARKET CODE / CSD DEROGATIONSForm
version 2.3Change Proposal reference
(To be completed by the TP Sec.)**MCCP248**

Version No.

B.8**PART A — SUBMISSION**

A.1. GENERAL DETAILS

A.1.a. TITLE Derogations During the Covid-19 Outbreak

A.1.b. COMPANY CMA Scotland

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

A.1.c. AUTHORISED SIGNATURE David Candlish NAME David Candlish

A.1.d. CONTACT NAME David Candlish CONTACT EMAIL; TEL/MOB. David.Candlish@cmascotland.co.uk

A.1.e. ASSOCIATED MCCP / OCCP

A.1.f. ASSOCIATED DOCS.

A.1.g. PROPOSED URGENCY URGENT

A.1.h. REASONS FOR URGENCY Response to the Covid-19 outbreak.

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

A package of measures has been agreed between the Scottish Government and the water industry to help businesses facing difficulties with water charges during the coronavirus (COVID-19) outbreak.

This document is designed to act as a set of derogations from certain Market Code and CSD obligations to be exercised by the CMA and to provide for associated changes required to the CMA Central Systems. While the CMA does not have unfettered scope to employ derogations and changes, the specific derogations and changes described are considered to be necessary, in order for the Market Code and CSD arrangements to remain consistent with legal requirements and the current circumstances additionally require action to be taken on an urgent timescale. For this reason, this document is not a Market Code Change Proposal (MCCP), but is a specification of the derogations to be employed and an associated notification thereof that has been structured along similar lines to an MCCP.

It should be noted that, since this document identifies derogations to the Market Code and CSDs (rather than modifications to these), or changes that are consistent with existing drafting, no updates to these documents will be made.

This set of derogations and changes include:

- **Settlement.** Scottish Water has agreed that from April 2020, wholesale payment terms will be temporarily relaxed so that charges will become due in the supply month to which they relate, two months later than at present, under the auspices of Section 29e of the Act.

The next Invoice Period for which pre-payment will fall due is that for June 2020. The P1 Settlement Run is currently scheduled for publication on or around the 6th business day in April 2020.

To ensure consistency with the above agreement, this document includes a derogation under CSD0201, to allow the CMA to delay publishing this next P1 Settlement Run until the 9th June 2020; 2 months later than the current required timescale as described in CSD0201.

Subsequent dates for publication of P1 Settlement Runs will be similarly delayed, until such time as the derogation is to end.

- **Performance Charges.** It has been agreed by the CMA Board, under its existing discretionary powers, that all performance standard charges should be disapplied from the 4th quarter of 2019/20 until further notice. This ensures consistency with the general agreements described above.

To support this, the document identifies that, whilst performance charges will continue to be calculated and presented via the LVI, the charges for the last quarter of 2019 until further notice, will not apply and will not therefore be invoiced.

In addition, no peer comparisons will be made.

A number of derogations follow from this:

- For Trading Parties. Under Market Code Section 6.2.1, the existing obligation should be modified to reflect that Trading Parties will make reasonable endeavours to fulfil their performance obligations, given the exigent circumstances that currently prevail.

- For Trading Parties. Under Market Code Section 6.2.10, the obligation to provide a remedial report for performance failures in a preceding quarter will be suspended.
- For the CMA. Under CSD0302, the LVI will be modified to exclude data for the Peer Review reports for the period of the beginning of the 4th quarter of 2019/20 until further notice. This covers both the onscreen reports and the downloaded report.

All of the above initiatives will be subject to review in May 2020, or June 2020.

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)

General Description

See above.

Principles and Objectives affected
CMA Guidance Note GN009 may be referred to for assistance with this section

PRINCIPLE	AFFECTED (Y/N)	DESCRIPTION
Proportionality	Y	Derogations are largely administrative.
Transparency	Y	
Simplicity, Cost-effectiveness, and Security	Y	
Non-exclusivity	N/A	
Barriers to Entry	N/A	
Customer Contact	N/A	
Non-discrimination	N/A	
Non-detrimental to SW Core Functions	N/A	
MC / OC OBJECTIVES	Y	

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	N	See below
CSDs	N	See below

Wholesale Services Agreements	N	
Licenses	N	
CMA Central Systems	Y	There will be no data for the Peer Review Report on the LVI for the affected months/quarters.
CMA business processes	Y	The CMA will stop raising invoices for Performance charges.
Trading Party systems	N	
Trading party business processes	Y	Provisional settlement will be available 15BDs prior to the end of the Invoice Period for the June 2020 IP and for subsequent P1 settlement runs, until further notice.

A.2.d. DRAFT LEGAL TEXT

Required under Market Code Parts 8.7.1 (ii) (d) and 8.8.1 (ii) (d)

The following derogations will be exercised until such time as a subsequent document discontinues them:

Market Code Section 6.2.1

The current obligation to meet Performance Standards should be superseded by the following:

Each Trading Party shall carry out its duties under the Market code in order to meet the Performance Standards relevant to it, so far as is practical, given the exigent conditions applying from the period beginning in March 2020.

Market Code Section 6.2.10.

This obligation to provide a quarterly written report to confirm remedial steps for each performance measure where failure occurs, shall be suspended.

CSD0201 (Settlement Timetable and Reporting) Section 2.1 (Provision of the Settlement Timetable for the Year).

The CMA may also amend the Settlement Timetable to reflect any derogations issued under the Market Code and its CSDs.

CSD0201 (Settlement Timetable and Reporting) Section 2.4 (Settlement Run Types).

P1 – For June 2020 onwards. The timetable for issue will be suspended. Instead, the Settlement Reports for P1 will be issued 15 Business Days before the end of the Invoice Period in which the Settlement Day falls.

CSD0302 (Standard Reports and Data Extracts) Section 5.2 (Peer Review Report – Timetable and Distribution).

Peer Review Reports shall not be provided (or maybe provided, but with no data) for the last quarter of 2019/20 and thereafter, nor for any months within those periods.

A.3. IMPLEMENTATION DETAILS

A.3.a. PROPOSED IMPLEMENTATION DATE OR LEAD TIME

It is anticipated that this change should be delivered by the end of March, 2020.

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

A.4. ANY OTHER COMMENTS

User Requirements for this document are as follows:

UR 1 CMA Administration.

UR 1.1 Performance Charge Invoices. No Performance Charge invoices should be raised for Q4 of 2019/20 onwards, until further notice.

UR 1.2 Settlement Timetable. P1 settlement runs should be run at an appropriate time, such that issue can be made on the 15th Business Day prior to the end start of the relevant Invoice Period.

UR 1.3 Bulletin. A Bulletin should be issued, summarising the derogations and associated changes to the LVI.

UR 2 LVI.

UR 2.1 The Peer Review Report should not be populated with any data for any period from 2020/01/01 onwards, until further notice.

UR 2.2 Existing Data within the Peer Review Report for January and February 2020 should be removed.

UR 2.3 The Settlement Timetable, under Scheduled Events should be modified to reflect the later run date for the P1 Settlement Runs for the Invoice Periods of June 2020, onwards.

UR 2.4 The following message should be posted on the Information Announcement box on the Home page:

'As part of the response to the Covid-19 outbreak, a number of temporary measures will apply, as follows:

- Performance Standards Charges will be disapplied, as of 2019/20 Q4.
- The Peer Review Report will not include any peer comparisons, as of January 2020.
- P1 settlement will be issued 15BDs prior to the end of the relevant Invoice Period, for the June 2020 Invoice Period onwards.'

PART B — ASSESSMENT

B.1. ASSESSMENT PROCESS			
B.1.a. ASSESSMENT START DATE	2020-03-24	ASSESSMENT END DATE	2020-03-26
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. 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)			
Cost Estimate		Costs are assumed to be minimal, since all changes are operational or administrative in nature	
Benefit Estimate (L: < 10k, M: £10k to £100k, H: > £100k)		Mitigates the impact of the current exigent circumstances. Assume: H.	
B.3. TP DECISION		N/A	
B.4. FINAL TP VIEWS		N/A	
B.5. PLANNED IMPLEMENTATION DATE		2020-03-31	

WITHDRAWN BY PROPOSER?	YES / NO
COMMENTS	
DATE OF WITHDRAWAL	

PART C — IMPLEMENTATION	
C.1. IMPLEMENTATION DATE	yyyy-mm-dd
C.2. IMPLEMENTATION DETAILS (MC version, CSD versions, CMA Central Systems release number, etc.)	