

**80th Technical Panel Meeting
Approved Minute**

Present (via conference call)

David Sigsworth (DS)– CMA – (TP Chair)
Amanda Hancock (AH) – CMA (TP Secretary)
Jeremy Atkinson (JA) - CMA
David Innes (DI) – Water Commission
Ian Grundy (IG) – Pure Utilities
Tony March (TM) - Wave
Ewan Hardy (EH) – Lettermay
Robin Donald (RD) – Castle
Fraser Gourlay (FG) – Earls Gate Water
Alastair Ross (AR) – Commercial Water Solutions
Fiona Matheson (FM) - SWBS
Steve Williams (SW) – Water Plus Ltd
Richard Lavery (RL) – Scottish Water
Catriona Blair (CB) – Veolia
James Pringle (JP) – Waterscan
Neil Hemmings (NH) – SWW (Part)
Stewart Yardley (SY) – Clear Business Water
Rich Rankin (RR) – Brightwater
Chris Clark (CC) - Blue

Apologies

Fallon Wilkinson (FW) – Water Plus Ltd

1. Introductions and Minute

DS welcomed members to the TP, then handed over to AH to take participants through the meeting.

AH advised that no comments had been received on the minute, and there were no comments received in the meeting. The Minute from 22 October 2020 was approved by the meeting.

2. Actions and Administrative Update

AH advised that the only outstanding action point was AP510, and confirmed that the CMA had now issued bulletin (BU140) confirming the unwinding of the Covid-19 Derogations to the Market via MCCP257 on 18th November 2020.

AH noted that there were no proposals withdrawn or rejected since the last meeting. No proposals had been agreed or implemented since the last meeting, and there were no new Commission changes introduced since the last meeting.

As noted above, one new bulletin, BU140, was published on the 18th November setting out the unwinding of the Covid 19 Derogations via MCCP257. No Guidance notes have been issued since the last meeting.

No changes were made to the TP dates.

3. Change Proposals in Progress

AH noted that there were no change proposals currently in progress.

4. New Change Proposals

AH noted that there were no new change proposals at this time.

5. Forward Planning Report

AH highlighted that a number of internal change proposal had now been approved (CMACPx200, 202, 203, 205, 207, 208 and 209). Proposals 200, 202 and 205 relate to additional services for retrospective amendments for meter networks and will be delivered on the 14th January 2021 with proposals 203 and 207 forming part of the March 2021 Release. CMACPx203 is a sweep up of internal issues, and 207 is the implementation of the R4 settlement runs on system. Proposals 208 and 209 are additional services, and will be delivered once they have been developed, tested and agreed with Scottish Water.

The September 2021 Release has been added to the Release Calendar, and a placeholder has been added for any work coming out of the Transfers Working Group.

There have been no changes to the performance charge table as charges are still being disapplied, and no further spending has taken place on any performance charge funded projects.

The late payment table has been updated from April 2020 to the end of November 2020.

No comments were received in the meeting.

6. Simplification of Drainage Charges

NH talked the group through the discussion paper, noting that SW is looking to simplify drainage charges from April 2021 combining Property and Roads Drainage charges into a single Drainage charge. The charge will only apply to premises that have a property drainage service.

He advised that the charge would continue to be classed as property drainage and would look to update the Central Systems for April 2022. AH asked whether a CP

would be drafted up by SW for consideration by the group. NH confirmed they would look to do this in the new year.

NH clarified that the new single drainage charge would be the sum of the current property and roads drainage charge. NH confirmed that the WCS would be going to the SW Board in January and then to the Commission for ratification. The aim was to ensure the CMA had these charges by the end of January.

TM asked whether there would be incentives for customers who were looking to reduce their drainage charges. NH confirmed that as is the current position, if a customer is able to minimise drainage to that which must drain to the sewer, then the customer can move on to area-based charging.

SY asked how many of these customers were in the Market to understand the impact on the Market. NH confirmed there were about 6,000 customers, half of which would have property drainage charges and therefore would be affected by the change. NH further clarified that SW would consolidate the wholesale drainage charges into one, and it was the intention of the Commission to consolidate the maximum default retail tariff, removing any reference to roads drainage moving forward. JA confirmed that this would be replicated on the Central Systems, with the disaggregated report only showing property drainage.

SY asked what the thinking was behind this change. NH confirmed it was an option discussed as part of the review of charges, noting that customers were not keen on charges that they could have no impact on.

FM noted frustration at the speed with which this change was being made, having asked at a previous meeting about changes. RL advised that the timing was unfortunate, and that the intention had been to introduce this in the following calendar year. However, SW felt it was beneficial to customers and as it was feasible to bring it in sooner. FM appreciated this, however felt that there were numerous changes coming into the Market lately with little or no warning, leaving communication with the customer difficult.

DS noted that the general point on notice of changes is something that needs consideration by Scottish Water. FM added that it seemed to be a wider problem and not just with Scottish Water, and that perhaps the group need to look at how the process works to ensure that the Market can review and discuss changes and understand their impact internally prior to making decisions. AH talked through the current processes and confirmed that whilst the infrastructure is in place, it is not being utilised to its full capacity.

JA asked whether the role of the MPF and the current ToRs would benefit from a review and discussion. TM added in light of the shift to move to EBR, then the Market needed a commitment from WICS and SW that the Market would get more engagement on these discussions. JA also suggested the Market may want to codify some of the proposals into the Terms of Reference to ensure the Market is more disciplined around use of the forum.

AP511 CMA to table the MPF Terms of Reference at the next TP for discussion.

IG asked for confirmation that the changes would be revenue neutral to Scottish Water. NH confirmed that this would be the case, however rather than bringing in a price increase next year to offset the £6.5m being removed with the Roads Drainage charges, SW would look to offset this over the course of the next few years to ease the pressure for customers who will be paying back deferred charges under the WCDS.

DS concluded by adding that in Scottish Water's efforts to become a great wholesaler, the comments made over the last few meetings should give them food for thought. RL recognised this feedback and assured the meeting that they would take these comments on board.

7. Commission Update

DI advised that the industry round table event had taken place on the 13th December and the meeting was good, even if they did not get through the whole agenda. There was a lot of engagement from a wide range of participants. The next stage is to set up a smaller working group to pull together their thoughts and feed into the Commission.

IG asked if there were any frictions or issues that LPs could assist with to support better communication. DI noted that establishing a doors open approach with a wider range of LPs would further assist the process. DI advised that the Market needed to move away from the "parent / child" relationship and move to a more open two-way dialogue.

JA and FM asked which elements of the Market Review were currently under discussion. DI advised there were a number of areas including market entry, consolidation of licenses to name a few. FM asked where the Market was with pre-payment and whether this change would be coming in 1st April. DI advised that there would be three months' notice before any change would be implemented. FM asked whether this put the April backstop at risk. DI advised that this was likely to be the case. DI took an action to clarify the Commission's thinking on this point to the meeting.

AP512 WICS to advise on their thinking for the introduction of changes to customer pre-payment.

AH asked whether the Commission would be able to provide an insight into EBR at the February MPF. DI advised that the Commission was keen to undertake this and would hopefully be able to do this in February.

DS concluded the discussion highlighting that with the adoption of the new Ethical Based Regulation by the Commission, and in order to make the best of the

regulatory framework in Scotland, it was imperative to the Market that the Commission provide some clarity to the Market on the principles and look to undertake this presentation in February. This is a gap there that needs to be filled to achieve this.

8. Any Other Business

No AOB had been raised, and there was none raised in the meeting.

There being no further business, AH closed the meeting.

Action Summary

Action	Subject	Update
<i>From the minute of the 79th Meeting (22 October 2020)</i>		
AP510	CMA to prepare a bulletin for the Market and issue MCCP257.	Complete
<i>From the minute of the 80th Meeting (10 December 2020)</i>		
AP511	CMA to table the MPF Terms of Reference at the next TP for discussion.	
AP512	WICS to advise on their thinking for the implementation date for changes to customer pre-payment.	