

CMA Bulletin

To: CMA MEMBERS
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Title: WCDS Unwinding and WCDS II
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Following their Direction in relation to the 2021 Wholesale Charge Deferral Scheme (which the CMA is identifying as WCDS II), and confirmation of the unwinding of the original scheme, the CMA is currently working with the Commission on a Commission Change to align Market documentation with both operational practices and the Direction. This bulletin provides you with some additional information in relation to these changes.

Unwinding of WCDS

As noted in the Commission Directive, the unwinding of the first scheme will commence in July and continue for the next 12 months. As a result of this, we have prepared an updated Settlement Calendar which notes all scheduled R4 IP publication dates, which will gradually unwind the deferrals on a month by month basis. In advance of these runs, Scottish Water will submit a series of transactions (or retrospective amendments) to remove the deferrals via the 29e.

In addition to this, the CMA is currently in the process of removing the additional validation that was put in place requiring a vacancy key to be provided in order to mark a property vacant during the first scheme. This change, CMACPx215, will remove validation from both the CS and retrospective amendments, returning the Market to normal vacancy processes.

2021 WCDS Scheme (WCDS II)

The current expectation is that WCDS II will operate in much the same way as WCDS, except that up to a 100% deferred amount is anticipated (using the 29e) and no WCDS vacancy key will be required. Additionally, a cap on the deferred amount will be applied to LPs.

The application of a cap leaves an issue for SW, in that they will need to monitor the deferred amounts, to ensure that no caps on the allowable deferrals are breached. To facilitate this, the CMA, via CMACPx213, will provide IP settlement runs to SW for each month in which a deferred amount has been applied for WCDS II, but to remove the 29e discounts (wherever they have been applied) for that month and to then generate these additional settlement runs that can then be compared to live settlement runs.

This arrangement is to be treated as an Additional Service, albeit charged at £0 (i.e. with actual costs incurred to be charged to all Market Participants via CMA invoicing), as this supports market arrangements for the WCDS II.

CentralMarketAgency

If you have any questions, or need any further information, please do not hesitate to get in touch.

Many thanks

Amanda