
Wholesale Retail Code Change Proposal – Ref CPW035

Modification proposal	Wholesale-Retail Code Change Proposal – F/01 Form amendments
Decision	Ofwat has decided to approve this code modification
Publication date	31 August 2018
Implementation date	28 September 2018

Background

The F/01 form (“**the Form**”) is intended to be used for enquiries relating to drinking water but also caters for more general inquiries. The Form is related to process F4 of the Operational Terms.

Issues have surfaced because the Form is not explicit in stating that it can be used for general enquiries and indeed has a mandatory section related to drinking water enquiries.

In its current state, the Form is only used as a platform for drinking water-related enquiries between Wholesalers and Retailers. It is not used for more general enquiries. Some Trading Parties have doubted whether the Form is suitable for general inquiries and a number of Wholesalers have instead developed bespoke new forms for general inquiries.

The issue

Currently, the Form is not being used for its intended purpose. Retailers are only using the Form for drinking water queries and, subsequently, Wholesalers have created a number of bespoke forms and processes to manage general enquiries. This is because the document is not explicit in stating that it can be used for more general inquiries.

Additionally, there is a drafting issue within Part B of Process F4, which this change proposal seeks to rectify.

The modification proposal¹

The Panel has recommended:

- modifying form F/01 so that it includes an additional section that clarifies the reason for the request either as a drinking water enquiry or other enquiry;
- removing the reference to “drinking water concern” in the title of the F/01 form; and
- updating Part B of the F4 process so that it refers to “Process F4” rather than “Process F2”.

The Panel has estimated that the cost of the change proposal being implemented would be low. The Panel has estimated that the costs consist of:

Cost Type	MOSL	Trading Parties
Assessment	£0	£0
Implementation	£0	£0 - £50,000 ²
Ongoing cost	N/A	£0 – Low cost

Industry consultation and assessment

Prior to being presented to the Panel, the issue was raised at the Retailer Wholesaler working group and the User Forum as a draft proposal. Feedback in both working groups was positive and helped to shape the current proposal.

After the User Forum meeting, a request for information was issued by the Panel. 17 Trading Parties, 10 Wholesalers and 7 Retailers, responded with generally positive feedback.

16 of the 17 respondents agreed with the proposals, with the majority citing transparency as their reason for supporting the change proposal.

One respondent, a Wholesaler, rejected the idea that the Form was intended to cover both water enquiries and general enquiries and argued that the amendments

¹ The proposal and accompanying documentation is available on the MOSL website at <https://www.mosl.co.uk/market-codes/change#scroll-track-a-change>

² 16 of the 17 Trading Parties stated that the cost of implementing CPW035 would be £0 - £50,000. The other party said the figure could be higher.

would reduce the functionality offered to retailers, decrease efficiency and bring about unnecessary costs.

The same Wholesaler has argued that if the change was implemented, they could be significantly impacted because of the high number of enquiries they receive – they estimate that they receive 10,000 queries a year. This respondent has suggested that the cost of changing their process could exceed £50,000 annually.

However, the vast majority, 16 of 17 of the respondents, believe that the change will have minimal implementation or ongoing costs if the change was to be implemented.

On a separate issue, one Trading Party commented that the word “concerns” should be altogether removed from the Form to avoid confusion. The Proposer, NWGB (Wave) agreed with this comment and it has been taken into account in the change proposal.

16 of the 17 respondents claimed that the proposed change would better facilitate the objectives and principles of the WRC. Respondents cited a mixture of efficiency, proportionality, transparency and customer participation.

Panel recommendation

The Panel considered the change at a meeting on 29 May 2018. Subsequently, the Panel agreed to recommend the change proposal to the Authority for approval on the basis that the change improves the principles of efficiency, simplicity, cost-effectiveness and security.

Our decision

We have carefully considered the issues raised by the modification proposal and the supporting documentation provided in the Panel’s recommendation report. We have concluded that the implementation of CPW035 will better facilitate the Principles and Objectives of the Wholesale Retail Code, detailed in Schedule 1 Part 1 Objectives, Principles and Definitions and is consistent with our statutory duties.

Reasons for our decision

Below, we set out our views on which of the applicable Code Principles are better facilitated by implementing this code modification.

Efficiency

Implementing CPW035 will ensure that the Form is used for its intended purpose. Parties will find it easier to differentiate between the two types of enquiries. This should mean that Wholesalers will have a more standardised, effective and efficient process disseminating answers to enquiries.

A consistent enquiries process should mean that Retailers will find it more efficient to send enquiries.

Simplicity, cost-effectiveness and security

The amendments to the Form would mean that only one form would be used for ad-hoc queries from Retailers. This would remove the need for a number of bespoke enquiries forms and processes.

The market arrangements as a result will be simpler for Trading Parties and cost reduce overall costs.

Transparency

The visibility of issues will be improved and this could lead to the better prioritisation of responses. There will also be greater clarity on the purpose of documents.

Decision notice

In accordance with paragraph 7.2.8 of the Market Arrangements Code, Ofwat approves this change proposal.

Emma Kelso
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