

## Trade Effluent Issues Committee Meeting 01 - Minutes

7<sup>th</sup> November 2017 | 10:00 – 16:00  
4<sup>th</sup> floor, 16-18 Monument Street, London EC3R 8AJ

### MEMBERS PRESENT

Name	Role
Natasha Sinnett	Chair (MOSL)
Zainab Mohammed	Water Operations Lead (MOSL)
Chris Arnold	Market Analyst (MOSL)
Evan Joannette	CCWater
Tony McHattie	Wholesaler
Matthew Atkin	Wholesaler
Patricia Quintana	Wholesaler
Andrew Stringer	Wholesaler
Mark Needham	Wholesaler
Jenny Mclean	Retailer
Janet Bulbick	Retailer
Carolina Zenklusen	Retailer
Phil Sinclair	Retailer

### PRESENTERS

Name	Party
Daniel Rowe	Yorkshire Water
Janet Bone	Yorkshire Water

### APOLOGIES

Name	Party
Jamie Mack	Retailer

## OPEN SESSION

### 1. Welcomes and Introductions

- 1.1 The Chair began the meeting by welcoming the Committee to its first meeting.
- 1.2 Attendees introduced themselves to each other with their names and roles.

### 2. Objectives of the Trade Effluent Committee Meeting

- 2.1 The Chair described the objectives of the Trade Effluent Issues Committee (TEIC) and clarified the key functions of the group these are to:
  - Identify market code issues.
  - Measure the impact of market code issues
  - Deliver expert Trade Effluent related advice to the appropriate groups.
- 2.2 The Committee were informed that the Panel expects the Committee to address problems in a coordinated and structured manner.
- 2.3 The Chair clarified that legislation is out of scope of the Committee.
- 2.4 The Chair highlighted that there was only a short period of time in which to consider issues (12 meetings) and reminded members of the importance of keeping focused on what the Panel has asked the Committee to consider.
- 2.5 The Chair discussed how actions can be allocated by the Committee. It was clarified that the Committee can assign actions to itself but also recommend actions to other Committees if the group believes that more appropriate forums for given actions exist.
- 2.6 The Committee were informed that there will be a monthly update to the Panel detailing key developments.
- 2.7 Members **NOTED** that the Committee is expected to feedback a proposed framework and approach for 28th November 2017 Panel meeting.

### 3. Overview of the Terms of Reference

3.1 The Committee were informed of the following:

- There are five Wholesaler and five Retailer members and that all members are expected to act impartially and independently of their own interests and the interests of their employer.
- Non-Voting Members are CCWater, the Environment Agency, Ofwat and any Panel Sponsors.
- The Committee can invite any other individuals or groups to contribute to Committee meetings as and when required.
- Observers can attend but can only speak on permission of the Chair.
- Alternates can be appointed. The Chair informed members that as the Committee has been formed on a short and temporary basis, it is expected that members attend in person and not appoint alternates unless absolutely necessary.
- Individual members votes will not be recorded in the meeting minutes, instead aggregate votes will be recorded either as “a simple majority” or as “unanimous”. The Chair informed the Committee that the Chair can only vote in the case where there are equal votes for and against a motion, the Chair also clarified that this would only happen in exceptional circumstances.
- Members can seek expenses in line with the current expense policy, it was highlighted that this does not include first class travel.

3.2 The Committee discussed the meeting dates contained in the paper TEIC\_02 – Meeting Dates 2017-2018 v1 and **AGREED** the meeting dates below,

Meeting Number	Date
Meeting 1	7 <sup>th</sup> November 2017
Meeting 2	5 <sup>th</sup> December 2017
Meeting 3	9 <sup>th</sup> January 2018
Meeting 4	13 <sup>th</sup> February 2018
Meeting 5	20 <sup>th</sup> March 2018
Meeting 6	10 <sup>th</sup> April 2018
Meeting 7	8 <sup>th</sup> May 2018
Meeting 8	12 <sup>th</sup> June 2018
Meeting 9	10 <sup>th</sup> July 2018
Meeting 10	14 <sup>th</sup> August 2018
Meeting 11	11 <sup>th</sup> September 2018
Meeting 12	9 <sup>th</sup> October 2018

3.3 MOSL agreed to send outlook calendar invites for the meetings above to Committee members.

**ACTION01\_01**

3.4 MOSL agreed to circulate a link to the TEIC webpage to Committee members.

**ACTION01\_02**

3.5 The Chair discussed the level of formality expected at Committee meetings and indicated a preference for a common sense and polite approach to proceedings.

## 4. Framework and Approach

4.1 The Chair explained the objectives of the framework and approach and highlighted the following points as areas that the approach and framework documentation should address:

- How to raise issues
- How issues are prioritised
- How to act when individuals or groups request the Committee take actions that are outside of the scope of the Committee terms of reference.
- The breakdown of responsibilities.

4.2 The Chair presented an approach and governance slide detailing the possible groups that the Committee could feedback to, the Chair stressed that this list was not exhaustive. The groups listed were:

- Environment Agency
- The Panel
- User Forum
- Trade Effluent Practitioners Network
- Individual Trading Parties
- Questions through Portfolio Managers.

4.3 A member highlighted the need for individual issues to be raised prior to the meeting and suggested that a risk register could be used to quantify the risk and categorise issues. Members **AGREED** to establish a risk register.

4.4 Committee members discussed the prioritisation methodology and how to quantify the urgency of an issue. A member suggested that an issue should be considered urgent if the issue has the effect that it causes trading parties to be non-compliant with the market codes. Another member suggested that urgency should be based on its impact on the materiality of operations.

4.5 Committee members discussed the meaning of impact. Three categories for measuring the extent of impacts were considered, these were:

- High – This would affect many parties e.g. NHH Customers, Wholesalers & Retailers. Issues that affect the overall reputation of the market would also be included in this category.
- Medium – This would affect one or two parties e.g. Wholesaler & Retailers, NHH and Wholesalers etc.
- Low – This would only affect a single party e.g. A single Wholesaler or a single Retailer.

A Committee member expressed the view that the above points could be used as a general guide on how impact is measured, but that the extent of impacts on individual parties should be assessed by Committee members and factored into the severity of impact of a particular issue in the approach.

- 4.6 Committee members discussed whether it was appropriate to also consider solution/issue complexity when prioritising issues.
- 4.7 Committee members also discussed whether it was appropriate to consider resource requirements when prioritising issues.
- 4.8 Members considered the application of a numeric scoring mechanism for the purposes of ordering issues to encompass the four areas above i.e. Urgency, Impact, Complexity and Resource. Members highlighted that functionality is more important than perfection in terms of designing an effective methodology. Members also highlighted the importance of having a transparent methodology that is available to all Trading Parties so that outside parties have faith in the work that the Committee conducts.
- 4.9 Committee members discussed the appropriate means by which Trading Parties could raise issues with the Committee. Members suggested that Trading Parties could send comments or issues to the Panel Secretariat mailbox. Members also suggested that all issues raised in this manner should be clearly labelled as an issue for consideration by the TEIC.
- 4.10 One member suggested that whilst raising issues through the Panel Secretariat could be suitable in the short term, a better way for issues to be raised in the longer term could be through a trade effluent online forum.
- 4.11 MOSL agreed to circulate a diagram detailing the formal groups across the market to help with Committee member understanding of what each group is responsible for. Committee members also asked MOSL to include the latest dates in which items can be raised to be placed on the next meeting agenda for each group.

**ACTION01\_03**

- 4.12 Members discussed the need to be aware of the CMOS cut off dates for each release. MOSL agreed to clarify when the cut off dates for each release.

**ACTION01\_04**

- 4.13 Committee members considered how the Committee can transfer information to Trading Parties, the following ideas were raised:

- The Panel
- Minutes
- User Forum
- Release Documents

## 5. Trade Effluent Issues

5.1 MOSL informed the TEIC that the Market Performance Committee (MPC) had requested assistance in developing performance standards for Trade Effluent operational processes as no MPS or OPS currently exist for these processes. The Committee were informed that the MPC do not want to introduce new SLAs to the process but rather select appropriate SLAs to be measured. It was clarified that functionally MPS are performance measures based on data in CMOS and have charges associated with them and OPS are not based on CMOS data and do not have charges associated with them but are included in market reporting available to Wholesalers and Retailers. A member suggested that the sixty day standard could be an appropriate candidate for a new OPS. MOSL agreed to circulate the MPC consultation responses to TEIC members to see if any SLAs were frequently mentioned in the responses to the consultation that could be considered by the Committee.

**ACTION01\_05**

5.2 MOSL presented a series of slides that categorised the responses from the PwC market audit survey on Trade Effluent Issues. The areas considered were:

- Operational Practices – Temporary Consents, Problems with G/02 form and Sampling issues
- Learning – Interpretations of the G/01 form, understanding tariffs and charging and problems with processes involving other water wholesalers.
- Data Quality – Confidence that CMOS data is representative of site data, issues with private meters and access to historic metering information.
- CMOS – DPID set up logic and CMOS usability and understanding.

5.3 MOSL will circulate a draft version of the issues log and an initial view of the highest priority issues.

**ACTION01\_06**

5.4 The Committee discussed concerns on data quality, in particular whether Trade Effluent related sites are set up in CMOS correctly. A member commented that the setup is a binary problem i.e. either the site is set up in CMOS correctly or it isn't. Another member suggested asking Wholesalers and Retailers their plans on correcting Trade Effluent data.

5.5 The Committee considered Trading Party knowledge of Trade Effluent Tariffs. A Committee member suggested that this could be a problem in perception by Trading Parties and could be considered as a subset of data problems. A member highlighted that it was important to make the distinction between constant tariff values in CMOS and variable data items. Committee members also highlighted that it is important to ensure that Trading Parties use the appropriate terminology when discussing issues and suggested creating a standard industry wide reference for Trade Effluent terminology.

**ACTION01\_07**

- 5.6 Temporary consents were discussed by the Committee, members recognised that currently there is no industry wide standard approach in relation to temporary consents and recognised that this was perhaps the most high-profile issue at the moment. Members discussed current Wholesaler operational practices and highlighted that a large number of these temporary consents are issued to contractors and not the owner of the premises, this practice has emerged as this is often at the request of the customer. A member clarified that the Water Act mandates that consents are only given to owner occupiers.
- 5.7 Sampling details were discussed by the Committee. Members questioned whether there is an explicit way in which this must be done. A member clarified that Wholesalers are expected to provide Retailers sampling data within one business day of receiving the results (this is different to the Trade Effluent strength information contained within CMOS), a member expressed the view that the concerns raised could be an indicator that Retailers are not getting visibility of sample results. The Chair separated the issue into two issues these were, inconsistent ways of obtaining and relaying sampling information and uncertainty surrounding its appropriate use in CMOS.
- 5.8 Members discussed inconsistent interpretation and application of the market codes with respect to Trade Effluent. Members agreed that this is a market problem and expressed a view that the training could help reduce these inconsistencies. The Committee **AGREED** to consider this issue again after feedback from further trade effluent training
- 5.9 Members highlighted the importance in understanding the complexity of Trade Effluent processes, members **AGREED** to revisit this issue following the Trade Effluent training. CCWater informed the Committee that they have received some complaints from customers about trade effluent processes. Committee members asked if the number of complaints CCWater receive could be used as a metric for understanding if the training/market understanding of trade effluent processes is improving, CCWater explained to the group that the sample size is not statistically significant for this to be used as a metric.
- 5.10 Committee members discussed Retailers that have chosen not to offer trade effluent services and whether it would be possible to publish this information on a public website e.g. Open Water website so that NHH customers can quickly check who offers these services.
- 5.11 A member raised concerns in the decrease of the number of Trade Effluent applications that have been submitted since market go-live and suggested that the complexity of the Trade Effluent form could be causing customers to not apply for consent when they should.
- 5.12 The Chair gave a summary of the discussions held and collated the original list of ten issues into five issues. MOSL agreed to circulate the full list of Trade Effluent Issues to Committee members for review.

**ACTION01\_08**

## 6. Change Proposal for new Trade Effluent Form

- 6.1 The presenters clarified the important distinction between short term consents and long-term consents.
- 6.2 It was highlighted that due to the nature of the work that is required to be undertaken for short term consents, these consents usually need to be obtained as quickly as possible, typically within one to three weeks. Prior to market go-live most of these short-term consents were issued in approximately 2 to 3 days. It was highlighted that there is a market risk if these forms are too onerous that NHH customers will choose discharge trade effluent without the appropriate consent.
- 6.3 There are inconsistent approaches across the market in dealing with discharges. Yorkshire Water have opted to use the G/02 form even for short term consents, however they recognize that this could negatively impact the customer due to the costs associated with filling out large amounts of unnecessary paperwork.
- 6.4 The change proposal introduces a shorter version of the form for low risk temporary consents. Several Committee members questioned the appropriateness of defining a form for use for **low risk** temporary consents due to the subjective nature of defining risks and recommended the proposer limit the use of the new form to just temporary consents.
- 6.5 A Committee member asked if the G/02 form could be shortened, a Committee member informed the group that the G/02 form had already undergone a process of simplification during previous market wide workshop discussions.
- 6.6 Yorkshire Water believes to achieve consistency in approach for trade effluent it would make sense to either exclude all Trade Effluent related billing information from CMOS or include all trade effluent billing information from CMOS. The Committee suggested that it would be better to include all trade effluent billing data in CMOS but that a compromise could be introduced for temporary consents. The members suggested that it could be appropriate to treat temporary consents as non-primary charges.
- 6.7 The code drafting accompanying the change proposal form was discussed. Committee members were informed that the drafting removes bullet d, which refers to temporary (six month) consents from section 2.1.1 of CSD 0206: Trade Effluent Process.
- 6.8 Committee members highlighted that it was important that the Retailer agrees to service the customer as they are ultimately responsible for debt recovery if the customer is unable to pay. The Committee raised concerns around circumventing the Retailers for the case of temporary consents as Wholesalers would not necessarily have the capacity to chase the debt in the event of non-payment.
- 6.9 It was clarified that part A of the operational terms will not be impacted by this change.



6.10 A Committee member believed that it was better to have two separate forms for short term consents rather than a single form.

6.11 Committee member discussed appropriate timeliness for a response for these forms and whether shorter timescales should be introduced as a performance measure, some Committee members believed that the sixty day response was still appropriate for short term consents as in exceptional cases the full length of time is needed. Committee members **AGREED** to determine the number of consents they currently receive and the percentage of those that meet the ten-day requirement.

**ACTION01\_09**

6.12 Committee members **AGREED** to bring back to the next Committee meeting a view on whether short term Trade Effluent billing should be included in CMOS or not be included in CMOS.

**ACTION01\_10**

6.13 MOSL to clarify if short term consents were excluded from the market, the implications on the Wholesale license based on exit regulations.

**ACTION01\_11**

## 7. WRC 055 – Trade Effluent Updates & WRC 059 – Settlement Updates

7.1 The presenter informed the Committee that the purpose of the following slides was to clarify the status of the WRC055 Trade Effluent Updates and WRC059 – Settlement Updates due to their partial implementation.

7.2 The presenter made the following key points on WRC055:

- The change allows calculated discharges to be subtracted from sewerage volumes
- The change allows Wholesalers to submit yearly volume estimates (YVEs) for calculated discharges
- This change was fully implemented in CMOS R3.0.

7.3 The presenter made the following key points on WRC059:

- 1) The change introduced clarification points on how Trade Effluent volumes are derived from meters that are part of a meter network.
- 2) The change prevented Wholesalers from submitting DPIDs with the same IDs as previous discharge points.
- 3) The change created a mechanism through null tariffs so that discontinued discharge points would not contribute to sewerage charges

- 4) The changes raise user exceptions when there is another type of meter other than PRIVATETE with SVAM set to subtract.

7.4 It was explained that points 3 and 4 above were successfully implemented in R3.0.

7.5 The clarifications (point 1) were not implemented, it is MOSL's view that this is not material as it does not change any of the current functionality.

7.6 The uniqueness of the DPID was not implemented, however the obligation to not for DPIDs to be unique already exists in CSD 0206 and as such the functionality has been included in CMOS.

7.7 The presenter clarified that it was important to distinguish between erase DPID and terminate DPID. Erase means that the DPID never existed and terminate means that the DPID is no longer active. WRC059 relates to the reuse of DPIDs upon termination, Trading Parties should be able to reuse erased DPIDs. The presenter made the Committee aware of defect S257 which is currently preventing the reuse of DPIDs upon erasure, the presenter informed the Committee that this is expected to be delivered in CMOS R3.5.

## 8. Any Other Business

8.1 The Chair thanked attendees for attending the meeting and asked for feedback on how first session has gone and meeting has been run.

8.2 CCWater mentioned that for future meeting that CMOS agenda items should be scheduled in the afternoon session so that other participants who are not involved in those technical areas (EA, Ofwat CCWater) may attend for relevant portions of the day.

8.3 A Committee member agreed to circulate an example of a support form for short term consents.

**ACTION01\_12**