

Guidance on the use of Temporary Vacancy (Covid-19 Mitigation)

July 2020

V4.0 Tracked Changes

Document Change control

Version	Date Issued	Amendments
V1.0	27/03/2020	Initial Version
V1.1	30/03/2020	YVE Guidance added
V2.0	08/04/2020	Further guidance for Retailers
V3.0	24/06/2020	OFWAT commentary, Illustrative examples and transitioning out of COVID-19 added
V4.0	30/07/2020	Additional information on YVE and removing the COVID-19 flag

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1 INTRODUCTION

1.1 PURPOSE OF THIS DOCUMENT

This document is designed to be a supplementary working document to support the implementation **and unwinding** of CPW091 – ‘Temporary Changes to Vacancy’.

The document aims to provide additional practical guidance to ensure efficient and consistent application. The document is owned, maintained and published by MOSL in conjunction with the Authority.

1.2 REVIEWING THIS DOCUMENT

Reviews to this document shall be undertaken by MOSL and the Authority on an as-needed basis.

1.3 OVERVIEW

The outbreak of Covid-19 and its spread within the UK has had a profound impact on the daily lives of millions of people. In March 2020, the UK government issued guidance and imposed legislative measures to help reduce the spread of Covid-19, **including requirements on many businesses to close to the public, workers to operate from home, and strict rules imposing social distancing and limiting gatherings and non-essential gatherings.** These measures profoundly affected levels of water and sewerage usage at these sites, **leading to amendments to CSD0104 to enable Retailers to apply a temporary vacancy flag where a premises was completely closed or activities at the premises had reduced by at least 95%.** Many of these restrictions have now been lifted and on 31 July 2020 Ofwat published its [decision](#) to allow the option to apply the temporary vacancy flag to expire at the end of July 2020.

This guidance document **elaborates on** the process Retailers need to follow **in consequence of these changes as businesses return to work, whilst also providing guidance on how Retailers should apply the enduring vacancy and volume estimation rules should restrictions be resumed.** We recognise that for some customers this transition back towards normality may be a phased process, and that others may face (or have already faced) sudden changes in their business operations and consumption. For this reason, it is important that Retailers continually review the occupancy status for each customer as they begin to open for trading following the easing of the COVID-19 lockdown.

Guidance was issued by MOSL to support the application of these changes to trading parties. MOSL has worked with a subgroup of the Market Performance Committee (MPC) to update and identify several illustrative examples in which CPW091 could have been interpreted inconsistently by trading parties. This means that equivalent or similar customers may not have been treated in the same way across the market.

Appendix 2 summarises these illustrative examples and shows the expected application of the temporary vacancy flag in accordance with CPW091. This guidance is intended to ensure that primary charges more accurately reflect actual levels of (reduced) consumption.

Following the July 2020 Ofwat [Consultation](#), subsequent Panel meeting and Ofwat [decision](#), the Temporary Vacancy guidance was updated to reflect the agreed timescales and process for removing the Temporary Covid-19 flags from CMOS.

The Temporary Covid-19 flags expired on 31 July 2020. When considering changing the date of occupancy the date should be from the 31st July 2020 at the latest. Where a premises has re-opened or increased consumption prior to 31 July 2020 that date should be used as the date of occupancy. Retailers should give consideration to when the type of business was permitted to reopen to the public¹ and engage with their customers and Wholesalers to understand the date on which the requirements for the Temporary Covid-19 flag ceased to be met.

From 1 August 2020 where businesses meet the requirements set out in section 3.1.4-3.1.5 of CSD 0104, whether or not they would meet the requirements of section 3.1.6 were it to continue to apply, they should be marked occupied from 1 August. Retailers must seek to obtain meter reads in the first instance. Where meter reads aren't available, Retailers should engage with customers and the relevant wholesalers to see if customer meter reads or other consumption information is available that can provide data to better inform adjusted YVE calculations where necessary.

Alternatively, if a Retailer is satisfied that a premises which had previously been flagged as vacant at any time during the period 16 March 2020 to 31 July 2020, meets all the vacancy criteria set out in section 3.1.4 – 3.1.5 of CSD 0104 it must include the word “evidenced” in the text field. For clarity, they must do this whether they marked any SPIDs as vacant during that period on the basis of sections 3.1.4-3.1.5 (permanent vacant) or section 3.1.6 (temporary vacant).

Retailers must maintain evidence in support of their conclusions that each of those vacant premises which it records as ‘evidenced’ fulfil all the relevant vacancy criteria set out in sections 3.1.4 - 3.1.5 of CSD 0104 and this evidence may be audited for compliance.

Reflecting its July consultation and decision document, Ofwat set out some expectations to guide Trading Parties through the unwinding of the temporary vacancy flag. For clarity, these expectations are included at Appendix 3 of this Guidance.

Please note that while the usage of the temporary vacancy flag is no longer permitted some sections of this guidance have been reproduced in a historic context in order to support any backdating or premises classification rectification that Retailers might need to undertake.

1.4 OFWAT COMMENTARY

This guidance has been agreed with Ofwat. Ofwat has also confirmed that - in line with its [decision document on CPW091](#) - when determining whether there has been a decrease of 95% of usual activities, retailers should consider the impact on water and sewerage services rather than the commercial impact on the customer. **Ofwat has also clarified this in its [decision](#) published on the 15 June 2020 to extend use of the temporary vacancy flag until 31 July 2020.**

Ofwat has also stated that this guidance should not be relied upon as ‘hard and fast’ rules or override in any way the requirements set out in the market codes. When using this guidance retailers need to make a judgement based on the individual circumstances of their customers when considering

¹ Further details on when particular businesses in England were permitted to reopen is available here - <https://www.gov.uk/government/publications/further-businesses-and-premises-to-close/further-businesses-and-premises-to-close-guidance>

whether the temporary vacancy flag should be applied consistent with the criteria set out in section 3.1.6 of CSD0104:

“a premises is considered to be a Vacant Premises if, due to the outbreak of Covid-19 and the measures given by the government to reduce its spread, it:

(a) is not open or available to workers, the public or visitors; or

(b) has seen a significant decrease in its usual activities. Significant here means a reduction of 95% or more”.

The temporary vacancy flag had the effect of temporarily waiving charges (aside from where a wholesaler applies charges for vacant premises); however, and as set out in Ofwat’s decision document, if on the business returning to operation, it transpires that water was consumed at that premises for all or part(s) of the Temporary Vacant period, then the Retailer will be billed for it and be liable for charges associated with that consumption. Where Ofwat sees potential evidence that the vacant flag has been used incorrectly, Ofwat will consider all available data and intelligence regarding the scenario and will take a risk-based and proportionate approach when considering if any further action is necessary.

2 RETAILERS’ RESPONSIBILITIES

In applying the now expired temporary vacancy flag, Retailers were expected to work with their customers and wholesalers to understand the potential impacts during this period.

- 1) If a customer was impacted but did not close due to the Covid-19 outbreak, the Retailer should have contacted the customer and wherever possible discussed the expected reduction in consumption with their customer and amended the Yearly Volume Estimate (YVE) in CMOS via T146.R accordingly. See appendix 1 for instructions on how to use the YVE for this purpose.
 - a. The effectuation date of the transaction should have been no earlier than 16 March 2020.
 - b. ‘Covid-19’ should have been stated in the Text Comment Field when submitting the transaction.
 - c. YVEs of zero should not have been submitted.

- 2) If a customer had closed due to the Covid-19 outbreak, Retailers could, as per CSD 0104 section 3.1.6, change the occupancy status to ‘Vacant’ on a temporary basis.

Where a Retailer identified a premises to be a Vacant Premises under CSD 0104 section 3.1.6, the Retailer should have obtained the clearest evidence of the vacancy of that site that it was reasonably obtainable within the restrictions on personal movement and association imposed by HM Government. Such evidence may have included, for example, clear and convincing evidence that the customer’s business was the type of business that was ordered to close from 23 March 2020, together with further evidence that supported such an assumption where available. Such corroborative evidence could include, for example, correspondence with customers, or evidence that the Retailer had taken all reasonable steps to contact the customer to establish that the business was not still operating in a material way (for instance a restaurant operating as a takeaway). Evidence of vacancy obtained after a vacant flag has been put in place was considered

valid provided that it had been obtained within 21 days of the imposition of the flag. For vacant flags imposed in the period between 16 March 2020 and 1 April 2020 for Covid-19 related reasons, Retailers had until 31 April 2020 to establish the relevant corroborative evidence referred to in this paragraph. Where such corroborative evidence was not obtained within the relevant time limit, the Retailer was required to remove the relevant vacancy flag until it had obtained such evidence. If a Wholesaler wanted to challenge the validity of the Vacancy status accorded to a site under this Section 2 it was instructed to follow the processes set out in section 3.1.2 of CSD 0104 / 2.13.2 of CSD 0105.

- a. When a Retailer used the provisions under section 3.1.6 of CSD 0104 it was required to provide written assurance to MOSL that it was using, and would continue to use, this provision to correctly reflect the current status of premises Registered to it. A Retailer who used the provision in sections 3.1.6 and 3.1.7 of CSD 0104 to flag premises as Vacant that subsequently transpires not to be Vacant during the relevant period, and for which it is not able to provide evidence to support its original use of the Vacant Premises identification may become subject to penalty charges in accordance with any process established under the Wholesale Retail Code.
 - b. Where a Retailer changed the status of the premises to 'Vacant' it was required to enter 'COVID-19' along with VOA data, if available, in the additional field box in T112.R when making the transaction.
 - c. The effective from date could not predate 16 March 2020.
- 3) At the expiry of the period for which Retailers could apply the provisions of section 3.1.6 of CSD 0104 to identify a site as vacant (31st July 2020), Retailers were instructed to change the occupancy status of all sites identified as vacant pursuant to section 3.1.6 from 'Vacant' to 'Occupied' unless they met the vacancy criteria set out in 3.1.4 of CSD 0104 or 3.1.5, and it was the responsibility of Retailers to establish and confirm this.
- 4) Retailers have until the close of business on the 30th September to remove the COVID-19 temporary vacant flag. Retailers will need to do one of the following in respect of all SPIDs registered as vacant (for whatever reason) from 16 March 2020 through to 31 July 2020:
- If a SPID remains vacant, as per the vacancy criteria set out in 3.1.4 – 3.1.5 of CSD 0104, badge it as "evidenced" in the CMOS text field and retain all the evidence this decision was based upon, so that it is easily accessible and can be audited for compliance,
 - If a property is not vacant, switch to occupied and obtain a meter read,
 - Where a meter read is not obtainable add a relevant YVE, retaining the supporting evidence that this calculation was based upon, so that it is easily accessible and can be audited for compliance.

MOSL's reporting will allow parties to see premises which were at one point COVID-19 temporary vacants and are now either assured, unassured or occupied. This report will make no differentiation between premises which may have started as COVID-19 temporary

vacants but changed to 'permanent' vacant during the period of 16 March 2020 and 31 July 2020. If any SPIDs flagged as vacant during this period do not contain the word 'evidenced' in the text field then they will show as unassured.

For clarity, Retailers are required to follow this process for all temporary vacant premises (as per 3.1.6 of CSD 0104) and permanent vacant premises (as per 3.1.4 - 3.1.5 of CSD 0104) flagged during the period of 16 March 2020 and 31 July 2020.

Any unassured vacants recorded by Retailers will affect their credit status and may be subject to any financial incentives that are introduced under the MPF. In addition, if a vacant marked as evidenced is subsequently shown not to have been vacant, the retailer will be reverted to its March 2020 credit arrangements unless, within 5 Business days, the Retailer provides sufficient supporting evidence to justify its marking of the SPID as 'evidenced' vacant. Ofwat and MOSL will assess the sufficiency of such evidence.

Retailers should be aware that where a customer is not open to the public or is not trading it does not mean its premises automatically meet the criteria set out in 3.1.4 – 3.1.5 of CSD 0104 to be marked as vacant. For example, where moveable items remain on site, such as furniture, equipment tools or moveable equipment or machinery, a premises should be flagged as occupied. Reports or screenshots of web announcements about closures are insufficient on their own to evidence vacancy. Retailers must also demonstrate that (1) they have used their best endeavours to engage with the customer and (2) that they have engaged with the relevant wholesaler to properly establish whether a premises truly meets the vacant criteria and the point in time from which the property became vacant. Retailers must retain evidence to show this activity has been carried out and ensure that it is easily accessible and can be audited for compliance.

- 5) To avoid discrepancies and impacts to later settlement runs, it is encouraged that Retailers attain visual/customer meter reads when switching a premises to 'Vacant' and when switching it back to 'Occupied', to the extent that this is reasonably possible within the restrictions on personal movement or association imposed by HM Government.
- 6) Once a premises is set back to 'Occupied' and the YVE has been amended as per step 1 above, Retailers should ensure that the YVEs are in line again with normal consumption. There may be a period during which business is not 'business as usual', and the YVE should reflect this.
- 7) In the event of reduced consumption or local lockdowns, Retailers should seek to obtain meter reads to reflect actual consumption in the market. Where a meter read cannot be obtained, the Retailer should engage with the customer and relevant wholesaler to obtain an accurate estimate of consumption. During this time the premises will remain marked occupied in CMOS.

3 MOSL RESPONSIBILITIES

- 1) MOSL will monitor the level of Vacant Premises so that the vacancy situation can be returned to its status as of 16 March 2020.
- 2) MOSL will also monitor Vacant Premises that are showing consumption after the occupancy status was changed to 'Vacant' post 16 March 2020.
 - a. If reads are not in line with the expected usage rates in vacant periods, MOSL will seek to investigate the SPIDs with the relevant Trading Parties.
 - b. MOSL will monitor for critical industry businesses and ensure the correct premises are being marked as vacant.
- 3) MOSL will monitor YVE changes on SPIDs amended from 1 March 2020.
- 4) MOSL will monitor the use of "evidenced" in the text field from 1st August 2020

4 APPENDIX 1

4.1 USING YEARLY VOLUME ESTIMATE (YVE)

USING YEARLY VOLUME ESTIMATE (YVE)

For sites where consumption is reducing due to COVID-19, Retailers should calculate their best estimates of the annual volume passing through the sites' meters. These estimates should be based on the fullest information available to the Retailer including discussion with the sites' customers, recent meter readings, comparison with similar sites and information provided by the relevant wholesaler. Retailers and wholesalers are expected to collaborate constructively in the setting YVEs to help the Retailer set a true estimate, reflective of current circumstances. Retailers are required to keep records of how estimates were derived for all properties that were switched from temporary vacant to occupied (but where a meter read was unavailable), including relevant supporting evidence, which may be audited for compliance.

Sources of data and evidence include (but are not limited to):

- Past meter readings
- Data loggers
- Access to AMR reads
- Consumption of similar businesses who are now open
- Consumption over a 12-month period to account for seasonal variation
- Sensible period of analysis
- Data sourced from wholesalers

Retailers should then submit one third of that estimate to CMOS as the YVEs for the sites' meters, through either T146.R (Submit Yearly Volume Estimate) or the corresponding TCORR version. In the volume estimation routine, CMOS will take the daily levels of these YVE values, multiply them by 3 and calculate the **capped estimates**. If these capped estimates are lower than previous historic consumption at the meters, CMOS will choose the capped estimates (3*YVE at daily level) over the historic consumption profile and allocate them to the relevant days.

Retailers are reminded of the following:

- YVEs are irrelevant in the calculation and allocation of volume for periods between two reads, as the reads themselves are used to calculate **actual volume**.
- T146.R can only be used to submit a YVE effective from a point in the current month or the previous two months. If the 'Effective From Date' is further in the past, or an 'Effective To Date' (the end point) is desired, TCORR146.R must be submitted instead.
- There are differences in how YVEs are used in P1 and R1/R2/R3/RF settlement runs. In P1 runs, where a future invoice period's charges are being calculated, CMOS uses the meter's **latest** YVE to calculate the capped estimate. The YVE will be the same for **all** days in the invoice period. For all 'R' runs, when CMOS calculates the capped estimate for a day within the past invoice period, it uses the meter's YVE **specified on the day itself**. Retailers are encouraged to consider the effects of this on the estimation process for their individual meters.
- The calculation of the capped estimate can be found in section A.5.10 of CSD 0207 (Charge Calculation, Allocation and Aggregation).

4.2 TEMPORARY VACANCY ILLUSTRATIVE EXAMPLES

The code modification focused on 'usual activities' rather than consumption to give retailers some room for manoeuvre when making their assessment, recognising that in many cases meters **could not** be read. Given that this rule **operated** as a proxy for identifying premises which were not consuming water, **it** was intended to relate to a reduction in those activities likely to affect consumption of services. There **were** some scenarios where a business will have seen a significant reduction of usual activities but **were** still consuming more than 5% of usual levels of water and sewerage services. In these types of examples, the temporary vacancy flag should not **have been** used.

When determining whether a premises **could** be made temporarily vacant, retailers **were instructed to** use information to evidence wherever available, and the balance of probability using the information available thereafter. Where the temporary vacancy flag **was** applied differently to the illustrative examples below, it **was** expected that retailers **would** reverse the flag from the original date. It **was** recognised that this may cause challenging conversations with customers and potentially complaints where a premises has in good faith been previously assessed as vacant. It **was** also expected that if retailers **had not** applied flags for qualifying vacant premises, then they should do so by following the guidance in section 2 of this document and backdating no further than 16 March 2020. Where i) isn't met then "normal activity" in ii) becomes relevant and has been clarified to mean "normal consumption". Examples where there may have been different interpretations include those on the list

It is understood by all trading parties that any retrospective changes made to vacancy status as a result of this revised guidance **would** be applied with reasonableness, proportionality and in good faith.

Where there is evidence that premises had consumed more than 5% of normal levels of water and sewerage services while temporary vacant these premises **were to be** marked as occupied in CMOS. Evidence **could have** included logger data, more than 1 meter read during the period of vacancy, customer contact. However, **it was noted that** pragmatism should still apply **and** that many premises **needed** to be considered on a case by case basis and decisions **would** hinge on the available evidence, meter reads, customer statements and a degree of accepting things on a balance of probability.

Below are some illustrative examples (not exhaustive) of where it **was** likely that there **was** the potential for continued water use above 5% of normal levels where businesses **were** temporary vacant:

- Shared supplies
- Flushing for health and safety reasons
- Irrigation
- Refurbishment
- Livestock or Zoos
- Nurseries & Garden centres
- Partial trading (takeaway services)
- Accommodation for Key workers

As set out in section 1.4 above, these scenarios **were** illustrative and should not **have been** considered 'hard and fast' in all cases. Retailers **needed** to make judgements about whether a premises satisfied the criteria for a temporary vacancy flag as set out in section 3.1.6 of CSD0104. And when determining whether there **had** been a decrease of 95% of usual activities, retailers should **have** considered the impact on water and sewerage services rather than the commercial impact on the customer.

5 APPENDIX 2

5.1 TRANSITIONING OUT OF COVID-19

The occupancy status of each business will need to be updated as they begin to open for trading following the easing of the COVID-19 lockdown, **including in relation to changes that may have occurred after being marked Temporary Vacant, be they due to mixed patterns of usage across different premises, subsequent closures, local lockdowns, or insolvencies**. The receipt of additional evidence from customers or third parties should lead to either a change in occupancy status or the amendment of the temporary vacancy dates. Table 1 identifies examples in which retailer action is required to reflect the correct occupancy status of a premises. Depending on Retailer systems different transactional activities may be required to correctly update CMOS but the principles of the processes below should be adhered to. Future consultations by OFWAT may bring further changes to the guidance and transitional arrangements

Additional evidence on the status of customer occupancy could be sourced directly from customers, from Retailer activities such as meter reading or field visits or via third parties such as meter read providers or Wholesalers. In all cases additional evidence should be used by Retailers where validated to comply with this additional guidance and make the appropriate transactional updates to CMOS. For further guidance on TCORRs please refer to CSD0105.

From 1 August 2020 the focus will switch to the removal of the COVID-19 temporary vacant flag into business as usual.

The temporary vacant flag expired at the end of July 2020. Following the expiration of these vacancy flags on 31 July, Retailers have until the end of September 2020 to remove the flags in CMOS. Where properties are vacant when removing the COVID-19 vacancy flag evidence must be obtained and stored locally to fulfil the assurance requirements for change of occupancy, which may be audited for compliance. When changing the flag in CMOS the word “**evidenced**” must be used in the text field. Vacancy should be confirmed against the criteria listed in section 3.1.4-3.1.5 of CSD104.

In Ofwat’s decision of 30 July 2020 it noted the following:

“Retailers referred to section 3.1.5 of CSD 0104 which provides that “A property that is prohibited by law from being occupied, for example an unsafe property, is also considered to be a Vacant Premises”. They suggested that this could apply where a pronouncement is made, such as that on 16 March, where the Government ordered certain businesses to close. This was later underpinned by legislation. To be clear, while we are aware of legislation requiring businesses or parts of businesses to close and enabling restrictions to be imposed on the occupiers of premises, we are not aware of any legislation that has prohibited premises from being occupied (e.g. by being used by the owner or occupier’s to store its property). If Retailers are relying upon this section of the Codes to mark properties as vacant following the expiration of the temporary vacant flag, they need to be very clear about the specific legal provision they are relying on in doing so and assure themselves that such legislation is entirely consistent with the requirements for the standard definition of vacancy.

One Retailer considered that if there is evidence that a premises is unoccupied, under section 144 of the Water Industry Act 1991 no charges (wholesale or retail) may be levied as only the occupier can be liable to pay them. Section 144 does not apply to business retail market charges between Retailers and their customers or between Wholesalers and Retailers, but only to direct charges between Wholesalers and occupiers of premises in the household market. Nor is there any equivalent statutory, licence or Code provision governing Retailer charges to their customers or Wholesaler charges to Retailers other than the Code provisions in relation to vacancy.”

In the event of reduced consumption or local lockdowns, Retailers should seek to obtain meter reads to reflect actual consumption in the market, or where a meter read cannot be obtained, the Retailer should engage with the customer to obtain an accurate estimate of consumption. However, please remember only actual reads can be added to CMOS. In cases where neither is possible, for example because neither the Retailer nor the Wholesaler is able to obtain a read or contact the customer, this should also be recorded by one or both parties. In these circumstances, the retailer and wholesaler should work collaboratively to determine an accurate estimate of consumption for the customer in question.

Table 1 Example of Recovery of charges from 16 March 2020 to 31 July 2020

	Is not open or available to workers, the public or visitors	Remains open or available to workers, the public or visitors
Has seen significant decrease in its usual activities, Significant here	Scenario A Occupancy Status: Vacant	Scenario B Occupancy Status: Vacant

means a reduction of 95% or more	Fixed charges: Not recoverable	Fixed charges: Not recoverable
Has not seen a significant decrease in its usual activities. Significant here means a reduction of 95% or more	Scenario C* Occupancy Status: Vacant Fixed charges: Not recoverable	Scenario D Occupancy Status: Occupied Fixed charges: Recoverable

**Where a premises is not open or available to workers, the public or visitors and consumption has not seen a significant reduction, this could be explained by leakage, which should be investigated.*

Please note that in each of the scenarios described above the recovery of volumetric charges was dependent upon the charging policy of each wholesaler. For example, where wholesalers do not apply volumetric charges - no consumption will be charged during the vacant period. However, any consumption shown on the next meter read will be applied to the occupied period and would be charged. For wholesalers that do apply volumetric charges - consumption will be charged during the vacant period. It is also noted that where multiple meter reads are submitted in CMOS during a vacant period this can have an impact on recoverable volumetric charges. For example, where the wholesaler does not apply volumetric charges, this consumption will not be charged.

Retrospective adjustments to the flag

As noted in Ofwat’s 30 July 2020 decision, while the temporary vacancy flag will cease to have any effect from 1 August 2020 onwards, Retailers will be able to make retrospective adjustments to the flag beyond the end of July, but those retrospective changes can only apply to a period (or subset of the period) between 16 March 2020 - 31 July 2020. This ability to apply retrospective changes will allow Retailers to consider in the light of the latest available information (including that provided by wholesalers) whether temporary vacant flags were correctly applied and for the correct period(s), and update the status of premises accordingly. Importantly, it will also allow Retailers to retrospectively apply the temporary vacant flag for premises that were incorrectly flagged as occupied during this period. It is worth noting that any retrospective changes will need to be made before the final settlement (RF) run.

Sharing data and insight

While it is for Retailers to maintain accurate occupancy status for their customers, in the light of the operational challenges driven by Covid-19, Wholesalers **were instructed to** share with Retailers at the earliest opportunity evidence that can support them in doing this, and work with them to identify supply points flagged as Covid-19 **temporary vacant** but which **were** actually consuming. **It was noted that** Wholesalers may well have easier access to better evidence on actual consumption at particular supply points than is currently reasonably available to Retailers and are required to be more forthcoming with the wider base of evidence they may have access to. This could include for example data from: Wholesaler field visits; AMR reads; smart meters; and dataloggers. Retailers

were expected to use this evidence in a timely way to remove Vacancy flags or restore Yearly Volume Estimates necessary. Retailers were instructed to also use this evidence alongside their own evidence, in reviewing and updating Vacancy flags and YVEs for similar customers if appropriate.

Table 2 Retailer actions required to reflect correct premise occupancy status² and associated dates in CMOS updated to reflect the word “evidenced” in the text field²

Scenario	Retailer Action	Proposed Market Process to amend	Comments	
1	The Premises has been made vacant in CMOS due to Covid-19. Customer contacts Retailer and confirms reopening on X date.	Change status to occupied	Submit T112 with ‘Occupied’ from X date.	This will: <ul style="list-style-type: none"> Update CMOS with the correct Occupancy Status
2	The Premises has been made vacant in CMOS due to COVID-19. Customer contacts Retailer and confirms they were vacant from X date (the date of initial closure aligns with the date the Retailer selected) and that they will not re-open.	Date selected by Retailer for COVID-19 Vacancy status is correct. No change of date is required in CMOS.	Submit T112 with ‘Occupied’ from X date Submit TCORR112 with ‘Vacant’ from the X date <i>“evidenced” to be inserted in text field in both transactions</i>	This will: <ul style="list-style-type: none"> Preserve the COVID Vacancy status in CMOS Identify the premise as a genuinely vacant premise.
3a	The Premises has been made vacant in CMOS due to COVID-19. Customer contacts Retailer and confirms they were vacant from X date (the date of initial closure is LATER to the X date the Retailer selected to the Y date the customer advised) and that they will not re-open.	Date selected by Retailer for COVID-19 Vacancy status is incorrect. Change of date is required in CMOS.	Submit TCORR112.R with ‘Occupied’ with EFD as X date and ETD as Y date. It should then submit TCORR112.R with ‘Vacant’ with EFD as Y date and ETD should be the Z date	This will <ul style="list-style-type: none"> Update the COVID-19 Vacancy period to the correct date Preserve the COVID Vacancy status.

² Version 3 of the guidance required “COVID-19 Ceased Trading” to be inserted in text field for transactions relating to scenario 3a, 3b and 9. This version of the guidance moves away from that approach.

			<p>T112.R with 'Occupied' with EFD as X and ETD left blank</p> <p>TCORR112.R with 'Vacant' with EFD as X and ETD left blank.</p> <p><i>"evidenced" to be inserted in text field in both transactions</i></p>	<ul style="list-style-type: none"> Identify the premise as a genuinely vacant premise.
<p>3b The Premises has been made vacant in CMOS due to COVID-19. Customer contacts Retailer and confirms they were vacant from X date (the date of initial closure is EARLIER to the date the Retailer selected) and that they will not re-open.</p>	<p>Date selected by Retailer for COVID-19 Vacancy status is incorrect. Change of date is required in CMOS.</p>	<p>Submit TCORR112.R with 'Vacant' with EFD as X date. No ETD to be entered</p> <p>T112.R with 'Occupied' with EFD as X and ETD left blank</p> <p>TCORR112.R with 'Vacant' with EFD as X and ETD left blank.</p> <p><i>"evidenced" to be inserted in text field in both transactions</i></p>	<p>This will</p> <ul style="list-style-type: none"> Update the COVID-19 Vacancy period to the correct date Preserve the COVID Vacancy status. Identify the premise as a genuinely vacant premise 	
<p>4 Premises is occupied in CMOS. Customer calls Retailer and confirms they have in fact been closed for a period due to COVID 19 and provides a closed and reopened date to Retailer.</p>	<p>Change to the vacancy flag in CMOS is required from Occupied to Vacant for the period of vacancy which would then revert to occupied thereafter.</p>	<p>Submit TCORR112 with 'Vacant' from X date to X date</p> <p><i>"COVID-19" to be inserted in text field in</i></p>	<p>This will</p> <ul style="list-style-type: none"> Update CMOS with the correct period of vacancy backdated. Require only 1 	

			<i>both transactions.</i>	transaction by using the EFD and ETD.
5a	<p>Premises is marked vacant from X date in CMOS due to COVID-19 as a result of Retailer desktop analysis or any other reason [Retailer having made reasonable attempts but been unable to confirm with the Customer at the time]. Customer calls to advise date Y of closure is LATER from the date and will be reopening from date Z.</p>	<p>Date selected by Retailer for COVID-19 Vacancy status is incorrect. Change of date is required in CMOS.</p>	<p>Submit TCORR112.R with 'Occupied' with EFD as x date and y date.</p> <p>It should then submit TCORR112.R with Vacant with EFD as y date and EFT as Z date.</p> <p>It should then submit TCORR112 with Occupied with EFD as Z date. ETD can be left blank.</p> <p><i>“COVID-19” to be inserted in text field in both transactions</i></p>	<p>This will</p> <ul style="list-style-type: none"> Update CMOS with the correct period of vacancy backdated.
5b	<p>Premises is marked vacant from X date in CMOS due to COVID-19 as a result of Retailer desktop analysis or any other reason [Retailer having made reasonable attempts but been unable to confirm with Customer at the time] . Customer subsequently calls to advise date Y of closure is Earlier from the date selected and will be reopening from date Z.</p>	<p>Date selected by Retailer for COVID-19 Vacancy status is incorrect. Change of date is required in CMOS.</p>	<p>Submit TCORR112.R with 'Vacant' with EFD as Y date and ETD as Z date.</p> <p>Submit TCORR112 with Occupied with EFD as Z date. ETD can be left blank.</p> <p><i>“COVID-19” to be inserted in text field in</i></p>	<p>This will</p> <ul style="list-style-type: none"> Update CMOS with the correct period of vacancy backdated.

			<i>both transactions.</i>	
6	Premises is marked vacant in CMOS on X date due to COVID-19 as a result of Retailer desktop analysis or any other reason [Retailer having made reasonable attempts but been unable to confirm with Customer at the time]. Customer calls to advise they were never closed.	Change to the vacancy flag in CMOS is required from Vacant to Occupied for the period.	Submit TCORR112 with 'Occupied' from X date <i>“COVID-19 Change” to be inserted in text field in both transactions.</i>	This will <ul style="list-style-type: none"> Update CMOS with the correct Occupancy Status Allow reporting on incorrect COVID 19 occupancy status’s applied.
7	Premises is marked as Vacant in CMOS due to COVID-19 but this additional guidance or information identified by or provided to the Retailer identifies premises should have been Occupied in CMOS.	Change to the vacancy flag in CMOS is required from Vacant and backdated to Occupied for the period of occupancy.	Submit TCORR112 with 'Occupied' from X date <i>“COVID-19 Change” to be inserted in text field in both transactions.</i>	This will <ul style="list-style-type: none"> Update CMOS with the correct Occupancy Status Allow reporting on incorrect COVID 19 occupancy status’s applied.
8	Premises is marked Vacant in CMOS due to COVID-19, the transition period has ended, and the Retailer has no supporting evidence that the premise is Vacant.	Change to the vacancy flag in CMOS is required from Vacant to Occupied for the period	Submit T112 with 'Occupied' from the date it was made vacant in CMOS. <i>“COVID-19 Change” to be inserted in text field in both transactions.</i>	This will <ul style="list-style-type: none"> Update the market with the pre COVID-19 occupancy status.
9	Premises is marked Vacant in CMOS due to COVID-19, the transition period has ended, and the Retailer has supporting evidence that the premise is vacant but no direct contact can be made with the customer to establish a re-opening date	Date selected by Retailer for COVID-19 Vacancy status is correct. No change of date or occupancy status is required in CMOS.	Submit T112 with 'Occupied' from X date Submit TCORR112 with 'Vacant' from final	This will: <ul style="list-style-type: none"> Preserve the COVID Vacancy status in CMOS

	<p>date of Scheme plus 1 day (currently 1st August 2020)</p> <p><i>“evidenced” to be inserted in text field in both transactions</i></p>	<ul style="list-style-type: none">• Identify the premise as a genuinely vacant premise.
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General notes

- T112 can only be submitted for the current month plus the last two months outside of these date parameters. TCORR transactions must be used to update premises occupancy status’.
- Where changes have already taken place, it is not expected retrospective changes to be made to text fields. Text to be inserted from date of revised guidance.
- If an amendment of the Occupancy Status is required between two dates, then TCORR112.R should be used, noting that both dates must be in the past.
- Text comments to be entered in all transactions.
- As with all transactions please ensure a process is in place to check your reject log for any rejected transactions.

6 APPENDIX 3 – OFWATS EXPECTATIONS

Expectations of Retailers

We expect that all Retailers should retain an audit trail for customer sites that have used the temporary vacant flag.

As per the process for applying temporary vacant flags, from now on we ask that Retailers retain evidence to support their use of YVEs, including a log of engagement with their customers.

Retailers should ensure that their customers understand the changes that are being implemented during the unwinding phase and the impact this may have on bills. We expect that Retailers ensure that this information is easily accessible to customers and published on their websites as soon as possible.

Where customers are exposed to backdated charges that they weren't previously aware of, and have been financially impacted by Covid-19, they must be accounted for under each Retailers' Covid-19 Reasonable Repayment Plans.

We recognise that there may be unforeseen circumstances where a business site was closed and not accessed while trading restrictions were in place yet consumption was recorded (e.g. due to a leak at the site). In such scenarios we would encourage Retailers to engage with Wholesalers before applying an occupied flag to discuss whether applicable non-volumetric charges should be pursued.

We recognise there may be marginal cases where it transpires that the temporary vacant flag has potentially been applied incorrectly, but the original decision to apply the flag was made in good faith using the best available evidence on likely consumption at the time. In such circumstances, where it is still not evidently clear that the customer was continuing to use more than 5% of their normal water and sewerage service, we encourage both Wholesalers and Retailers to make decisions that favour the impacted customer.

Trading Parties should constructively work together

In the light of the operational challenges driven by Covid-19, Wholesalers should at the earliest opportunity share evidence that can support Retailers in maintaining accurate occupancy status for their customers. We also expect Trading Parties to work together to identify supply points flagged as temporarily vacant but which are actually consuming.

Where disputes regarding property status arise, we expect Trading Parties to mediate with each other, sharing any data that supports their conclusions, before instigating a formal dispute under the Codes.

Incumbent companies provide meter reading services for many of the Retailers across England. They therefore play a key role in ensuring that CMOS reflects accurate consumption data as Covid-19 restrictions continue to be lifted. We expect incumbents that provide meter reading services to work constructively with Retailers to develop a strategy to ensure that, where possible, meter reads can be prioritised and fast-tracked into CMOS over the next couple of months.

The roles of MOSL and Ofwat

MOSL will continue to track the levels of changes being made to vacancy flags, alongside changes made to YVEs during the unwinding period. Where there appear to be issues that warrant further investigation, MOSL will engage with relevant Trading Parties in the first instance.

MOSL will continue to share data with Ofwat on a regular basis and this may highlight issues that warrant further investigation or action from Ofwat.