

WHOLESALE-RETAIL CODE CHANGE PROPOSAL/ CHARGING CHANGE PROPOSAL

Change Proposal Reference <i>(To be completed by the Panel Secretary)</i>	CPW107	Version No	1.0
Type of Change Proposal: <i>(delete as appropriate)</i>	Change Proposal		
	Charging Change Proposal		
Submission Date	19 October 2020		
Title: of Change Proposal/Charging Change Proposal	Covid-19 Temporary Vacancy exemptions for Credit Support		
Summary: of Change Proposal/Charging Change Proposal <i>(40 to 50 Words Maximum)</i>	Retailers are required to remove all their Covid-19 Vacant Premises to return to the normal credit support rules. This change provides for reasonable exemptions to that requirement.		
General Details of the Proposer			
Name of Proposer	Julian Tranter		
Capacity (to submit Change Proposals and Charging Change Proposals – on behalf of a Party, as a Panel member, as the customer representative, or the Market Operator or on behalf of the Authority; or Charging Change Proposals – on behalf of a Wholesaler).	Wholesale Trading Party (Thames Water)		
Contact Email	julian.tranter@thameswater.co.uk		
Telephone Number			
The Proposer recommends that this Change Proposal/Charging Change Proposal should: <i>(delete as appropriate)</i>	Proceed to Assessment		
	Proceed to Consultation		
	Proceed to Recommendation		
Is the change Urgent (Yes/No)?	Yes		

If yes, please indicate which urgency principle(s) apply along with a rationale. Any supporting evidence should be included as an attachment to the Change Proposal form.

Principle	Applies (Y/N)	Rationale
A significant impact on a party or parties, consumers or other stakeholder(s)	Y	Enables Retailers with exemptions to return to normal credit support rules for the coming month.
A significant impact on the safety and security of the Central Market Operating System	Y/N	
A material and immediate risk of causing a significant impact on the development and/or operation of the business retail market	Y/N	
The code modification is required to comply with implement any Law	Y/N	

If the change is Urgent please provide the proposed implementation date and the justification for this

Proposed Implementation Date	08:00 23 October
Justification	Retailers are due to post credit for November by end of 23 October

Related Documents

Reference of any associated Code Panel Change Proposal/ Charging Change Proposal	CPW101
Documents Accompanying Form	

Change Proposal/ Charging Change Proposal Details

Description of (i) the issue or defect which this Change Proposal seeks to address, or (ii) the modified or new charging method or charging structure required pursuant to this Charging Change Proposal, as required under the Market Arrangements Code Section 6.2.1(b).

Change Proposal CPW101 required that all Covid-19 Vacant premises (i.e. any premises switched to vacant during the period 16 March until 31 July 2020)were to be updated as Occupied Premises, or Vacant with the text field marked 'Evidenced', to confirm that the 'normal' Vacant criteria have been met, by 30 September (in CSD 0104 3.2.5). This process has been variously described as removing Covid-19 Vacant Premises or Temporary Vacants or their flags.

Where this had been done by September 30 and after that by the next P1 Settlement Report, then Retailers could return to the normal credit support rules (under Business Terms, Section 9.12.3 (d)). This means that the Credit Support Amount would be based on the P1 Settlement

Report's Credit Support Requirement (CSR) rather than limited to a minimum of the March 2020 P1 CSR.

However, in certain cases Retailers have not been able to make these updates in CMOS due to reasons beyond their control.

The cases where this occurs are, primarily, where:

1. A Premises is assigned a temporary vacant flag and subsequently switches to a new Retailer who cannot undo actions completed by the original Retailer.
2. A Premises has been assigned a temporary vacant flag and its SPID has subsequently been de-registered, locking it against any further changes.
3. An anomaly in the CMOS interaction prevents the Retailer from editing the premises in CMOS to remove a temporary vacant flag.

It would be reasonable to enable Retailers who have sought in good faith to do so, but been prevented from, removing all Covid-19 Vacant Premises (under CSD 0104 3.2.5) for reasons beyond their control to be able to return to the normal credit rules (under Business Terms, Section 9.12.3 (d)).

Description of the Change Proposal/ Charging Change Proposal, its nature and purpose and (for Change Proposals only) how it is consistent with the Principles and falls within the Objectives noted below, as required under the Market Arrangements Code Section 6.2.1(c).

This Change Proposal provides for exemptions for the cases of a switched Supply Point, a de-registered Supply Point and a CMOS anomaly as well as a "catch all" to be determined on a case-by-case basis by Ofwat where this is beyond the Retailer's control.

The exemptions and further clarification have been added in new sections in CSD0104:

At the end of Section 3.1.7:

"For the avoidance of doubt, the effective date from which a premises is considered to be Vacant Premises must also fall within the Covid-19 Vacancy Period."

In Section 3.1.9: [changes in colour]

"The Market Operator shall publish a Retailer specific report to the relevant Retailer and their Wholesalers, **the Covid-19 Vacancy Report**, commencing from the date of the September 2020 P1 Settlement Report, and thereafter on a monthly basis, detailing all premises that remain recorded as Vacant Premises in accordance with Sections 3.2.5 and 3.2.6 of this CSD (Maintain SPID Data). This report will indicate where such Vacant Premises are not recorded on the Central Systems in accordance with Sections 3.2.5 and 3.2.6 of this CSD (Maintain SPID Data) **in a form that does not permit identification at individual SPID level.**"

A new Section 3.2.6:

"Eligible Premises that were recorded as Vacant Premises during the Covid-19 Vacancy Period shall be deemed exempt from the provisions of Section 3.2.5 where the limited circumstances

below apply. Therefore, Retailers need not comply with Section 3.2.5, where one or more of these circumstances apply to Eligible Premises, but shall continue to use all reasonable endeavours to work with Wholesalers and the Market Operator to ensure these Eligible Premises are updated in accordance with Section 3.2.5 as soon as possible:

- (a) Where Supply Point(s) at the Eligible Premises subject to Section 3.2.5 have subsequently Transferred, prior to 1st October 2020, and therefore the Incoming Retailer is reliant on the former Outgoing Retailer to update the Central Systems;
or
- (b) Where the Supply Point(s) at the Eligible Premises are currently recorded in the Central Systems as Deregistered; or
- (c) Where a system issue arising in the Retailer's interaction with the Central Systems is currently preventing updates to the occupancy status of the Eligible Premises;
or
- (d) Where written consent for an exemption in relation to the Eligible Premises, due to circumstances, in the Authority's reasonable opinion, outside of the Retailer's control, has been obtained from the Authority, and granted under its sole discretion, and the Market Operator has been notified of this exemption by Authority."

The exemptions have also been taken account of in the Business Terms requirement to remove all Covid-19 Vacant Premises in Section 9.12.3(d): [changes in colour]

"Commencing from the October 2020 P1 Settlement Report, the requirement in Section 9.12.3 (c) shall no longer apply to a Contracting Retailer who, for all their SPIDs, has no Eligible Premises set as Vacant Premises in accordance with Section 3.16 of CSD104 (Maintain SPID Data) outside of the Covid-19 Vacancy Period (as defined in that CSD) and has complied with Section 3.2.5 of CSD104 (Maintain SPID Data), **subject to any of the exceptions under Section 3.2.6 of CSD104 (Maintain SPID) that apply to any SPIDs or Eligible Premises.** Where a Contracting Retailer **subsequently** complies with Section 3.2.5 of CSD104 (Maintain SPID Data) **at a point** after 30 September 2020, the requirement in Section 9.12.3 (c) shall be deemed to no longer apply from the next P1 Settlement Report."

Principles and Objectives

Description of the principles and objectives affected by the Change Proposal on the items below (if applicable) as detailed in Part A of Schedule 1 Part 1: Objectives Principles and Definitions.

Principles	Affected (Y/N)	Description
Efficiency	Y	Helps Retailers to return to the normal credit support rules.
Proportionality	Y	This provides reasonable exemptions where Retailers are unable to remove Covid-19 vacants.
Transparency	N	
Simplicity, cost-effectiveness and security	N	
Barriers to entry	N	
Non-discrimination	N	
Customer participation	N	
Customer contact	N	
Seamless markets	N	
No limit on upstream competition	N	
Business Terms Objectives	Y	Helps Retailers to return to the normal credit support rules.
Operational Terms Objectives	N	
Market Terms Objectives	Y	Helps improve SPID data by recognising Retailer review and action.

Description of the impact of the Change Proposal/ Charging Change Proposal on the following items, as required under the Market Arrangements Code Sections 6.2.1 (f), (g) and (h).

Configured Item	Impacted (Y/N)	Description
Schedule 1: Terms and Conditions of a Wholesale Contract	N	
Wholesale-Retail Code, Schedule 1 Part 1 (Objectives, Definitions and Principles)	N	

Wholesale-Retail Code, Schedule 1 Part 2 (Business Terms)	Y	Section 9.12.3 (d)
Wholesale-Retail Code, Schedule 1 Part 3 (Operational Terms)	N	
Wholesale-Retail Code, Schedule 1 Part 4 (Market Terms)	N	
Wholesale-Retail Code, Schedule 1 Part 5 (CSDs)	Y	CSD 0104 3.2.6 (new)
Wholesale-Retail Code, Schedule 1 Part 6 (Operational Forms)	N	
Appointment	N	
Licence	N	
Any other industry code, agreement or document (e.g. the Wholesale Contract or the MOSL Articles) (please specify)	N	
Central Market Operating System	N	
Trading Party systems which interface with Central Systems and other relevant Trading Party systems/ business processes.	N	
Scottish Core Industry Documents	N	

Further Information

Description of any discussions on the topic of the Change Proposal/ Charging Change Proposal at the User Forum (as relevant) or otherwise relevant discussions with parties, as required under the Market Arrangements Code Section 6.2.1(i).

Due to the urgent nature of this proposal, direct engagement has been limited and focused on MOSL and Ofwat discussions.

Further Comments

Key

	To be completed by the Market Operator
	To be completed by the Proposer