

WHOLESALE-RETAIL CODE CHANGE PROPOSAL/ CHARGING CHANGE PROPOSAL

Change Proposal Reference <i>(To be completed by the Panel Secretary)</i>	CPW091	Version No	1.0
Type of Change Proposal: <i>(delete as appropriate)</i>	Change Proposal		
Submission Date	26 March 2020		
Title: of Change Proposal/Charging Change Proposal	Temporary Change to Vacancy		
Summary: of Change Proposal/Charging Change Proposal <i>(40 to 50 Words Maximum)</i>	This change facilitates better short-term volume estimation in CMOS, by further enabling Retailers in changing the Occupancy status to 'Vacant' in CMOS. This is in light of the impacts of Covid-19.		
General Details of the Proposer			
Name of Proposer	Daniel Mason		
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).	On behalf of the Authority		
Contact Email	Daniel.Mason@ofwat.gov.uk		
Telephone Number	07458 125 674		
The Proposer recommends that this Change Proposal/Charging Change Proposal should initially: <i>(delete as appropriate)</i>	Proceed to Assessment		
Is the change Urgent (Yes/No)? If yes, please provide reason for urgency (if applicable)	Yes. The water market faces unprecedented and pressing cash-flow/resource issues, as collateral impacts from the 2020 Covid-19 pandemic. Allowing the use of the vacant flag temporarily will relieve the market from the pressure of primary charges, which the market codes do not currently allow for.		

Related Documents	
Reference of any associated Code Panel Change Proposal/ Charging Change Proposal	
Documents Accompanying Form	Guidance on the use of Temporary Vacancy (Covid-19 Mitigation)
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).	
<p><u>The Issue</u></p> <p>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 advice to the public in how it can help reduce the spread of Covid-19, by advising against large gatherings, non-essential travel and any other such activities. Many workers are in self-isolation and have implemented social distancing. Many businesses, such as theatres, bars and clubs, have followed governmental advice and have closed their doors. This has subsequently caused extreme reductions in the levels of water and sewerage usage at these sites.</p> <p>Until meter reads are submitted into the Central Systems (CMOS) by Retailers, these reductions in usage cannot be forecasted and CMOS will continue to estimate volumes for a meter using the previous year's worth of reads.</p> <p>This is problematic for Retailers, as they may not be charging the end customer for usage of water but, under the current rules in the market codes, will be expected to pay the Wholesaler the settlement amount.</p>	
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).	
<p><u>The Solution</u></p> <p>The solution proposed in this Change Proposal makes use of the Occupancy Status (D2015) data item within CMOS. The principle is that, for businesses which have closed their doors or have had a significant decrease in custom, Retailers mark these sites as 'Vacant' in the Central Systems.</p> <p>As CMOS does not calculate any estimated volumes or estimated charges against vacant sites, this will then cause no estimated charges to be payable between the relevant Wholesalers and Retailers at those sites.</p>	

This Change Proposal inserts a new clause allowing Retailers to change a premises' Occupancy Status to 'Vacant' as a result of the Covid-19 outbreak. The authorised time period for amendment is up until 30 June 2020, which can be extended at the Authority's discretion.

There will be a code requirement which states that Retailers will be required to revert premises set to 'Vacant' due to Covid-19 back to their original state, on the direction of the Authority and within a timeframe specified by the Authority.

Supporting the Code Change will be a guidance document setting out the responsibilities of the Market Operator and Retailers during this event. This document will include practical guidance to ensure that changes made to the Occupancy Status of premises are efficient, consistent and fair.

The Proposed Drafting

The proposed legal drafting in this Change Proposal only affects one code document: CSD 0104 – 'Maintain SPID Data'. The following change is proposed:

- After Section 3.1.5, insert a clause stating:

3.1.6 Until 30 June 2020, or for such period as the Authority determines and after which gives notice of to Trading Parties, 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.

3.1.7 Any premises which a Retailer has identified as Vacant Premises in the period between 16 March 2020 to 27 March 2020 and which meet the criteria set out at Section 3.1.6 of this CSD (Maintain SPID Data) shall be treated as having been validly identified as Vacant Premises.

3.1.8 The Market Operator, in conjunction with the Authority, shall issue guidance setting out the responsibilities on Retailers and the Market Operator for premises that have been set to Vacant Premises under the provisions of Section 3.1.6 of this CSD (Maintain SPID Data).

After Section 3.2.4, insert a clause stating:

3.2.5 Two (2) Months after 30 June 2020 or the expiry of such period as the Authority determines, premises that have been set to Vacant Premises under Section 3.1.6 of this CSD (Maintain SPID Data) shall no longer be considered Vacant Premises unless the Retailer records against the SPID that the criteria in 3.1.4 of this CSD (Maintain SPID Data) are met.

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	This will suppress estimated charges from being calculated and result in cash-flow efficiency gains for Retailers.
Proportionality	N	This Change Proposal has no effect on this principle.
Transparency	N	This Change Proposal has no effect on this principle.
Simplicity, cost-effectiveness and security	Y	The proposed solution is simple and cost-effective, as it utilises routines already within CMOS.
Barriers to entry	N	This Change Proposal has no effect on this principle.
Non-discrimination	N	This Change Proposal has no effect on this principle.
Customer participation	N	This Change Proposal has no effect on this principle.
Customer contact	N	This Change Proposal has no effect on this principle.
Seamless markets	N	This Change Proposal has no effect on this principle.
No limit on upstream competition	N	This Change Proposal has no effect on this principle.
Business Terms Objectives	N	This Change Proposal has no effect on this principle.
Operational Terms Objectives	N	This Change Proposal has no effect on this principle.
Market Terms Objectives	Y	This Change Proposal furthers the objective of the Market Terms by making provision for transitional matters in relation to the calculation of Primary Charges.
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	This Change Proposal has no effect on this item.
Wholesale-Retail Code, Schedule 1 Part 1 (Objectives, Definitions and Principles)	N	This Change Proposal has no effect on this item.
Wholesale-Retail Code, Schedule 1 Part 2 (Business Terms)	N	This Change Proposal has no effect on this item.
Wholesale-Retail Code, Schedule 1 Part 3 (Operational Terms)	N	This Change Proposal has no effect on this item.
Wholesale-Retail Code, Schedule 1 Part 4 (Market Terms)	N	This Change Proposal has no effect on this item.
Wholesale-Retail Code, Schedule 1 Part 5 (CSDs)	Y	CSD 0104: 'Maintain SPID Data'
Wholesale-Retail Code, Schedule 1 Part 6 (Operational Forms)	N	This Change Proposal has no effect on this item.
Appointment	N	This Change Proposal has no effect on this item.
Licence	N	This Change Proposal has no effect on this item.
Any other industry code, agreement or document (e.g. the Wholesale Contract or the MOSL Articles) (please specify)	N	This Change Proposal has no effect on this item.
Central Market Operating System	N	This Change Proposal has no effect on this item.
Trading Party systems which interface with Central Systems and other relevant Trading Party systems/ business processes.	N	This Change Proposal has no effect on this item.
Scottish Core Industry Documents	N	This Change Proposal has no effect on this item.

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).

Further Comments

Key

To be completed by the Market Operator

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