

WHOLESALE-RETAIL CODE CHANGE PROPOSAL/ CHARGING CHANGE PROPOSAL

Change Proposal Reference <i>(To be completed by the Panel Secretary)</i>	CPW022	Version No	1
Type of Change Proposal: <i>(delete as appropriate)</i>	Change Proposal		
	Charging Change Proposal		
Submission Date	26.09.17		
Title: of Change Proposal/Charging Change Proposal	Requesting a new connection SPID or entry change of use SPID when the retailer is unknown		
Summary: of Change Proposal/Charging Change Proposal <i>(40 to 50 Words Maximum)</i>	To allow a wholesaler to leave the “retailer” field blank when requesting a new connection SPID or entry change of use SPID from the Market Operator and the customer has not chosen a retailer. This would enable new SPIDs to be registered in a timely way and processes for allocation of a retailer to work as intended in the WRC.		
General Details of the Proposer			
Name of Proposer	Gerard Lyden		
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).	Market Development Manager Thames Water Utilities Limited WHOLESALE		
Contact Email	gerard.lyden@thameswater.co.uk		
Telephone Number	07747 642785		
The Proposer recommends that this Change Proposal/Charging Change Proposal should initially: <i>(delete as appropriate)</i>	Proceed to Assessment		
	Proceed to Consultation		
	Proceed to Recommendation		
Is the change Urgent (Yes/No)? If yes, please provide reason for urgency (if applicable)			

Related Documents	
Reference of any associated Code Panel Change Proposal/ Charging Change Proposal	
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).	
<p>The purpose of this change proposal is to address the issue of a discrepancy between the current functionalities of the central system for registering new connections and entry change of use and the obligations of the Wholesaler regarding new connection and entry change of use under the Wholesale Contract.</p> <p>Currently the central market operating system will not permit a wholesaler to register a new supply point that is either a new connection or an entry change of use, where the customer has not chosen a retailer. This is causing wholesalers to use the gap site connection type as a workaround in order to register these supply points. This is leading to additional work and misleading market performance reporting as use of the gap site connection type triggers different MPS measures.</p> <p>There are some parts of the WRC that need to be updated to align more clearly. In order that CMOS changes are in place prior to the start of the performance year 2018/19 the nominal date for gate closure for system approval is 30 October, however, we believe this change should be implemented with release 4.0, scheduled for March 2018.</p> <p>1. <u>Current issue with registering new connections and entry change of use SPIDs</u></p> <p>The process to register a new connection SPID or an entry change of use SPID is detailed in Code Subsidiary Document (CSD) 0101: Registration: New Supply Points. It is the duty of the Wholesaler to contact the Market Operator (MO) to request a new connection SPID or an entry change of use SPID, by sending a T101.W (Request New SPID) transaction. It is specified that the T101.W shall include the “identification of the Retailer where this is known”, acknowledging that the Wholesaler may request a SPID with connection type ‘new’ or ‘CU’ when the retailer is unknown.</p> <p>Wholesalers request that a customer chooses a retailer, and will direct the customer to relevant resources. However, in order to preserve the integrity of the market, if a customer does not choose a retailer within the given timescales a retailer must be allocated. It would be inappropriate for wholesalers to be involved in this allocation process, which is the role of the Authority and the Market Operator. This is set out in CSD0005 Direction to Supply Allocation Process.</p>	

3.3 Step a: Market Operator allocates a Supply Point subject to a Direction to Supply
3.3.1 Within one (1) Business Day of receipt of a request for the creation of a New Supply Point(s) without an allocated Retailer from the relevant Wholesaler(s) in accordance with CSD101 (Registration: New Supply Points), the Market Operator shall allocate each New Supply Point to an Opted In Retailer in accordance with the Direction to Supply Allocation Process set out in Section 3 of this CSD.

CSD 0301 Data catalogue, in its Validation sets, details three possible options for the Wholesaler to complete the connection type field (D2023):

1. NEW (standard new connection)
2. GS (gap site)
3. CU (change of use)

If connection type NEW or CU is chosen, CMOS does not currently allow the Wholesaler to leave the Retailer ID field blank, meaning that wholesalers are not able to properly register these new connections where a customer has not chosen a retailer. CSD0301 does not appear to provide a definitive view as to whether the Retailer ID field should be mandatory or optional for T101.W Type NEW or CU.

This is an issue for exited undertakers in particular, as **it is not uncommon for the end customer to not choose a Retailer within the allotted time period** (9 business days before the connection is made) or at all. As a consequence, the Wholesaler cannot register a SPID required as a result of a new connection or entry change of use, failing MPS SLAs and possibly incorrectly incurring future market performance charges.

2. Obligations of the wholesalers regarding new connections

Obligations of the Wholesaler regarding the registration of a new connection are detailed in the Market Terms.

Market Terms SECTION 4.4.2 Create Record of New Supply Points and Partial Registration Applications stipulates that “Prior to the making of a new physical connection to a Network requiring a New Supply Point, the Water Wholesaler or the Sewerage Wholesaler as relevant, shall issue a request to the Market Operator for the creation of a New Supply Point(s)”.

Market Terms SECTION 4.4.9 New Supply Points - Direction to Supply describes in further detail the duties of the Wholesaler regarding new connection. The situation where the Retailer is unknown is envisaged in paragraph b). However, only the Gap Site situation is mentioned as a possible reason for the Retailer being unknown at the time the Wholesaler is requesting a new connection.

This is a little confusing, as the defined term Gap Site is “*any Eligible Premises which is in receipt of Water Services and/or Sewerage Services where no Supply Points or insufficient Supply Points are Registered in relation to such Eligible Premises in the Supply Point Register*”; so covering all three instances: new connection; entry change of use; and gap site.

In summary, it is the responsibility of the Wholesaler to request a new SPID from the Market Operator even if no Retailer has been chosen by the end customer, and it is the duty of the Market Operator to allow the Wholesaler to register a new SPID, and also to allocate a Retailer to the end customer. **Current CMOS configuration does not enable the Wholesaler to register a SPID using T101.W NEW or T101.W CU when the retailer is unknown.**

3. Consequences on the market data

Currently Wholesalers are having to use a workaround in order to register new connection SPIDs or entry change of use SPIDs in the market by incorrectly selecting the gap site connection type 'GS' when requesting a new SPID to be generated by the MO when Retailer is unknown. This solution is not satisfactory, because SLAs for Gap Sites and New Connections differ. Moreover, it gives misleading market data, which could have multiple knock-on impacts, including leading to unjustified financial penalties for wholesaler's due to:

1. Artificially increasing the number of gap sites to be addressed.
2. Affecting the assessment of the Market Performance Standards (MPS) and calculated penalties (new connections performance should be measured by MPS2A and MPS2B, gap site performance is measured by MPS3A).

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 aims to allow the Wholesaler to request a new SPID connection type NEW or CU but with the Retailer ID field left blank and to allow the Market Operator to allocate the Retailer in the same way gap sites are allocated to opted-in retailers (using the Direction to Supply Allocation process).

Therefore, we suggest the change needed is to:

- Change the validation process in the Central Market Operator System in order to allow the Wholesaler to leave the "Retailer" field blank when requesting a SPID for a new connection or entry change of use and allowing the Market Operator the opportunity to allocate a retailer.
- Update CSD0301 Data Catalogue SECTION 4.4 T101.W to reflect the non mandatory requirement for the Retail ID field when the T101.W transaction is type NEW or CU and the corresponding error Code MG – Mandatory field missing from transaction from the ancillary document "" Error Codes" rule VR.134 as this applies to transaction T101.W.
- Update CSD0101: Registration: New Supply Points SECTION 2.2.14 to clarify that where a Supply Point has been allocated under the Direction to Supply Allocation Process this applies to new connections and entry change of use, as well as gap sites as currently listed.
- Update the Market Terms SECTION 4.4.9b) New Supply Points - Direction to Supply – Where the Retailer is not known to include where the wholesaler identifies new connections or entry change of use where the Retailer is unknown because it has not been chosen by the end customer, alongside gap sites already referenced in this section.

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 change would help the market to be more efficient, avoiding wholesalers work around in the central system. It would also avoid inevitable

		disputes concerning misallocated MPS penalties.
Proportionality	N	
Transparency	Y	By increasing the accuracy of market data regarding Gap Sites and the performance of market participants, this change would increase the transparency of the NHH market.
Simplicity, cost-effectiveness and security	N	
Barriers to entry	N	
Non-discrimination	Y	This change helps to make it clear that market systems support the allocation of customers to a Retailer in a controlled and non-discriminatory manner
Customer participation	N	
Customer contact	N	
Seamless markets	N	
No limit on upstream competition	N	
Business Terms Objectives	N	
Operational Terms Objectives	Y	This change would contribute “to establish operational processes which facilitate the performance by the Contracting Wholesaler and the Contracting Retailer of their respective functions in relation to the provision of Water Services and Sewerage Services in relation to the
Market Terms Objectives	Y	This change is needed to “enable the Registration of data concerning Non-Household Customers or Eligible Premises which is or may be relevant to the provision of Water Services or Sewerage Services in relation to the Competitive Market in the Areas of the Contracting Wholesaler and of other Wholesalers”.

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)	N	
Wholesale-Retail Code, Schedule 1 Part 3 (Operational Terms)	N	
Wholesale-Retail Code, Schedule 1 Part 4 (Market Terms)	Y	Section 4.4.9b) New Supply Points - Direction to Supply
Wholesale-Retail Code, Schedule 1 Part 5 (CSDs)	Y	CSD No.0301 Data catalogue CSD No. 0101 Registration - New Supply Points
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	Y	Will have to be amended to create the possibility to leave the "Retailer" field blank
Trading Party systems which interface with Central Systems and other relevant Trading Party systems/ business processes.	Y	Discontinue wholesaler workarounds
Scottish Core Industry	N	

Documents		
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).		
This Change Proposal has been scheduled to be discussed at the Wholesaler Interface Group and User Forum		
Further Comments		
<p>This change leads to better Code compliance and protects the integrity of the market. Workarounds are currently in place (at a moderate cost) to remove immediate inability to register new SPIDs in the market. Unknown impact/abortive cost through current use of misleading MPS performance information.</p> <p>In order that CMOS changes are in place prior to the start of the performance year 2018/19 the nominal date for gate closure for system approval is 30 October for the CMOS release 4.0 scheduled for March 2018.</p>		

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