

Vacancy Incentive Scheme Guidance

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Change History

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V1.0	15 May 2020	First Issue	CPW083	
V2.0	14 August 2020	Addition of United Utilities to Register Specified email address for notifying the Market Operator		Appendix 1 Appendix 2 Appendix 3 Section 4

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1. About this document

This document uses defined terms as set out in the Wholesale Retail Code, Schedule 1, Part 1: Objectives, Principles and Definitions.

This document sets out the eligibility criteria, application process, challenge process and payment arrangements which apply where an awarding Wholesaler offers a financial incentive to applying Retailers to identify premises that are marked as vacant in CMOS but are found to be occupied and where the applying Retailer seeks to claim a financial incentive in respect of the successful correction of the occupancy status in the market. This guidance document creates what is termed the Vacancy Incentive Scheme.

This Vacancy Incentive Scheme Guidance should be used in conjunction with Operational Terms Process H7 - Application for Vacancy Incentive Scheme Payment.

2. Objective of this Vacancy Incentive Scheme

This Vacancy Incentive Scheme is intended to complement existing processes within the market codes but will introduce further administrative simplicity and consistency to the application of vacancy incentives across the market.

Specifically, the Vacancy Incentive Scheme and related processes in the Operational Terms Process H7 are also intended to address an underlying lacuna in the existing market codes in respect of the ability of non-registered Retailers to request a change in occupancy status in respect of Vacant Premises. The Vacancy Incentive Scheme and related processes in the Operational Terms Process H7 are complimentary to, but separate from, the existing Vacancy Change Application process set out at CSD 0105.

From a customer perspective, the Vacancy Incentive Scheme will best support the efficient delivery of the following outcomes:

Customer Outcome	Rationale
Affordability and fairness of charges	As the Vacancy Incentive Scheme would operate to reduce the number of Vacant Premises in the market, this should increase the number of customers being appropriately billed, and accordingly should result in fairer and lower bills for all customers.
Reducing leakage	All water consumption needs to be accounted for in order for leakage to be accurately measured and reported and thus for true leakage to be identified and rectified more effectively. The Vacancy Incentive Scheme would support more accurate consumption data.
Ensuring operational / service security	All customers need to be visible within the market to ensure that they receive all necessary support and communication during planned and unplanned events and incidents. The Vacancy Incentive Scheme would support proper customer identification.

3. Governance arrangements

The Market Operator shall, with the assistance of the Panel, provide the enduring change governance for this Vacancy Incentive Scheme Guidance in accordance with the obligations set out within Section 4.19 of the Market Terms.

4. Signing up to this Vacancy Incentive Scheme

Any awarding Wholesaler wishing to sign up to this Vacancy Incentive Scheme shall do so by notifying the Market Operator by emailing change@mosl.co.uk and providing a populated copy of Appendix 1: “Register of Wholesalers signed up to this Vacancy Incentive Scheme”, Appendix 2: “Schedule of rates” and Appendix 3: “Wholesaler eligibility criteria that apply to applications from the registered Retailer”.

Within ten (10) Business Days of receipt of this notification the Market Operator will:

- Update Appendix 1, Appendix 2 and Appendix 3 of this Vacancy Incentive Scheme Guidance document
- Publish an updated version of this Vacancy Incentive Scheme Guidance document at the specified and secure location on the Market Operator website
- Send an email notification to all Trading Parties to inform them that a new Wholesaler has signed up to this Vacancy Incentive Scheme

5. Eligibility criteria

5.1. The applying Retailer

In order to qualify for a Vacancy Incentive Scheme Payment the applying Retailer must have a Wholesale Contract with the awarding Wholesaler.

5.2. The customer and premises

The customer and premises must meet the following criteria in order to qualify for a Vacancy Incentive Scheme Payment:

For all applications:

- The relevant Supply Point was not considered to be a Vacant Premises in accordance with section 3.1.6 of CSD 0104 (Maintain SPID Data)
- The relevant Supply Point must be Tradeable in CMOS
- There must have been a previous occupant i.e. the site cannot be a new connection
- The date of the last successful Vacancy Incentive Scheme Payment application in respect of the premises is not in the last 24 months

- No other application for a Vacancy Incentive Scheme Payment in respect of the premises may be outstanding
- The premises has not been registered as a Gap Site within the last 12 months

For applications where the applying Retailer is registered for the premises, where they have acquired the premises since market opening:

- The premises must have been marked as vacant when acquired by the applying Retailer
- The occupancy date must have been backdated to the Transfer Date

For applications where the applying Retailer is registered for the premises, where the premises has not switched since market opening:

- The customer and premises must meet the requirements of Appendix 3 – “Wholesaler eligibility criteria that apply to applications from the registered Retailer”

For applications where the applying Retailer is not registered for the premises:

- The relevant Supply Point must be recorded in CMOS as being vacant at the time of application

6. Application process

Applications will be made by the applying Retailer to the awarding Wholesaler following the process steps detailed within Operational Terms Process H7, Application for Vacancy Incentive Scheme Payment.

Any supporting evidence should be provided to the awarding Wholesaler’s nominated email address in accordance with Appendix 1 “Register of Wholesalers signed up to this Vacancy Incentive Scheme”.

Any amendments to occupancy dates will be conducted in accordance with the requirements of the market codes.

An application for a Vacancy Incentive Scheme Payment from an applying Retailer who is not registered for the premises will be considered to relate only to the current occupier and only to the current registered Retailer. That is, the occupancy date can only be backdated to the start of the occupation period of the current occupant or the date that the registered Retailer acquired the SPID, whichever is earlier.

For premises where the Water Services and Sewerage Services are supplied by more than one Wholesaler, the Retailer will submit separate Forms H/06 (Application for Vacancy Incentive Scheme Payment) for the Water Services Supply Point and Sewerage Services Supply Point to the Water Services Wholesaler and Sewerage Services Wholesaler respectively in accordance with Operational Terms Process H7.

The applying Retailer must satisfy the following criteria for a Vacancy Incentive Scheme Payment to be made;

- by providing all required mandatory information on Form H/06 or, where a piece of information does not exist or is deemed not applicable provide full justification as to why; and,
- having correctly identified the current occupants and provided appropriate contact details.

Whilst not mandatory, photographs of the premises may help in the successful and timely processing of the application.

7. Duplicate applications for a Vacancy Incentive Scheme Payment

A Vacancy Incentive Scheme Payment application will be considered a duplicate where another Retailer has already submitted a Vacancy Incentive Scheme Payment application in respect of the same premises. Duplicate applications will be dealt with on a first come, first served basis. Duplicate applications will be returned by the awarding Wholesaler to the applying Retailer.

In order to support the efficient operation of the Vacancy Incentive Scheme the awarding Wholesaler will publish details of all Supply Points for which an application for Vacancy Incentive Scheme Payment has been received, including the current status of that application. The awarding Wholesaler will update this record within five (5) Business Days of the receipt of an application and again within five (5) Business Days of the completion of an application. This record will be provided in the format specified in Appendix 4 “Template for publication of details of all Vacancy Incentive Scheme applications”.

8. Process for challenging vacancy status

This process can be used in the context of Operational Terms, Process H7, Part B by either an applying Retailer to obtain a determination of the occupancy status of any premises which is the subject of an application for a Vacancy Incentive Scheme Payment.

Step 1

Any challenge raised by an applying Retailer under Operational Terms Process H7, Part B, Steps 3 and 6, shall be referred, in the first instance, to the Market Operator. The Market Operator shall, within ten (10) Business Days of receipt of such challenge, procure an independent expert to determine the challenge. The Market Operator will also serve as the secretariat for the independent expert. These responsibilities will include the invoicing of Trading Parties to recover the costs of the independent expert in accordance with the requirements of this challenge process.

Step 2

Within five (5) Business Days of an independent expert being appointed, both parties shall provide to the independent expert the following, as appropriate:

- a) The applying Retailer will provide copies of the application form and supporting evidence originally submitted by the applying Retailer in its Vacancy Incentive Scheme application

under Operational Terms Process H7, Part B, and any other evidence that it considers relevant in the context, which may include the market data as recorded for the premises in CMOS at the time of submission of the application for Vacancy Incentive Scheme Payment;;

- b) The registered Retailer may provide any evidence which it considers relevant in the context, which may include the market data as recorded for the premises in CMOS at the time of submission of the application for Vacancy Incentive Scheme Payment.

Step 3

The independent expert may, within five (5) Business Days of receipt of the information set out in Step 2 above, request any further information from either the applying Retailer or the registered Retailer that it considers reasonably necessary in order to reach a decision on the challenge.

Step 4

The independent expert will base its decision on:

- a. The rules in CSD 0104 3.1.4 on what constitutes a Vacant Premises and transactions relating to vacancy status [T112];
- b. This Vacancy Incentive Scheme Guidance;
- c. The information contained in the Vacancy Incentive Scheme Payment Application (Form H/06) and any supporting, or other relevant, evidence submitted by the applying Retailer;
- d. any evidence provided by the registered Retailer;
- e. The market data as recorded for the premises in CMOS at the time of submission of the application for Vacancy Incentive Scheme Payment; and
- f. any other information that the independent expert, in its discretion, acting reasonably, considers relevant.

Step 5

The independent expert will determine only whether or not the premises is occupied for the purpose of the relevant application for a Vacancy Scheme Incentive Payment. The independent expert will not decide on any other matters.

The independent expert's decision will be final and binding on all Parties.

Step 6

The independent expert will notify the applying Retailer, registered Retailer, awarding Wholesaler and the Market Operator of its decision within twenty-five (25) Business Days of the independent expert's appointment.

Step 7

Liability for the independent expert's costs will be attributed as per the below:

Where a challenge is raised by the applying Retailer under Operational Terms Process H7, Part B, Step 3:

- in the event that the independent expert finds in favour of the applying Retailer, the registered Retailer will be liable for the full costs of the independent expert; and
- in the event that the independent expert finds in favour of the registered Retailer, the registered Retailer will be liable for two thirds of the independent expert's costs and the applying Retailer will be liable for one third of the independent expert's costs.

Where a challenge is raised by the applying Retailer under Operational Terms Process H7, Part B, Step 6:

- in the event that the independent expert finds in favour of the applying Retailer, the registered Retailer will be liable for the full costs of the independent expert; and
- in the event that the independent expert finds in favour of the registered Retailer, the applying Retailer will be liable for the full costs of the independent expert.

The independent expert shall retain the discretion to, in exceptional circumstances, allocate costs in a different proportion to those identified above, as it considers appropriate.

9. Payment of incentives

9.1 Water Services and/or Sewerage Services provided by the same Wholesaler

A single Vacancy Incentive Scheme Payment will be made by the awarding Wholesaler to the applying Retailer in accordance with Appendix 2 – “Schedule of rates”.

9.2 Water Services and / or Sewerage Services provided by more than one Wholesaler

For premises where the Water Services and Sewerage Services are shared by more than one Wholesaler, payments will be made by each awarding Wholesaler to the applying Retailer as follows:

- Water and Sewerage Companies: 50% of the standard incentive rate as published in Appendix 2 – “Schedule of rates”
- Water-only companies: incentive rate as published in Appendix 2 – “Schedule of rates”

10. Payment terms

All payments will be made in accordance with the awarding Wholesaler's published invoicing calendar in accordance with Process H7 of the Operational Terms.

Appendix 1 – Register of Wholesalers signed up to this Vacancy Incentive Scheme

Wholesaler	Date of Adoption of Scheme	Incentives Offered (Please complete - Yes/No)		Contact Email Address
		Incentives to applying Retailers not registered to the premises	Incentives to applying Retailers registered to the premises*	
United Utilities	1 October 2020	Yes	Yes	wholesaleservicedesk@uuplc.co.uk
Company name	Date			
Company name	Date			
Company name	Date			
Company name	Date			
Company name	Date			
Company name	Date			
...

*Payments to the Retailer registered to the premises are subject to eligibility criteria detailed in Appendix 3 “Wholesaler eligibility criteria that apply to applications from the registered Retailer”.

Appendix 2 – Schedule of rates

Wholesaler	Incentive amount	
	Where the applying Retailer is registered to the premises	Where the applying Retailer is not registered to the premises
United Utilities	£200	£200
Company name	£	£
Company name	£	£
Company name	£	£
Company name	£	£
Company name	£	£
Company name	£	£
Company name	£	£
Company name	£	£
...

Appendix 3 – Wholesaler eligibility criteria that apply to applications from the registered Retailer where the premises has not switched since market opening

Where an awarding Wholesaler offers incentives to the registered Retailer and the premises has not switched since market opening, the premises must meet all of the minimum eligibility criteria specified by the Wholesaler in the table below.

Wholesaler	Circumstances where incentive will be paid to registered Retailer		
	SPID was registered in the market as vacant at market opening and has remained vacant since	Wholesaler specific criteria A	Wholesaler specific criteria B
United Utilities	Y	-	-
Company name			
Company name			
Company name			
Company name			
Company name			

Appendix 4 - Template for publication of details of all Vacancy Incentive Scheme applications

SPID	Date of Application	Applying Retailer	Registered Retailer	Application Status	Completion Date

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