

Wholesale Retail Code Change Proposal – Ref CPW139c

Modification proposal	Wholesale Retail Code Change Proposal – Ref CPW139c – Bilateral Hub (Phase 9)
Decision	The Authority has decided to approve this Change Proposal
Publication date	31 October 2023
Implementation date	12 December 2023

We are approving this Change Proposal.

CPW139c will group and streamline the current Wholesaler disconnection processes I1, I3, I4, I5, I7 and I13 into a new 'I1 Disconnections process' and integrate this into the Bilateral Hub. It will also merge the current Wholesaler reconnection processes I8, I10 and I11 into a new 'I3 Reconnections process' and integrate this into the Bilateral Hub.

This change will address the inconsistency that arises from there currently being nine separate disconnection and reconnections processes that are very similar in nature and address current misalignment of timescales associated with these tasks. It will also better protect customers' interests by incorporating these processes into the Bilateral Hub and improving the overall accuracy of market data.

These processes have been prioritised for their incorporation into the Bilateral Hub given they are the only outstanding processes currently associated with an Operational Performance Standard (OPS) charge that have not yet been incorporated into the Bilateral Hub.

CPW139c also proposes a number of minor housekeeping changes to address some grammatical errors in the [Operational Terms](#).

Background

[CPW070/CPM043](#) (an Authority timetabled change proposal) created the programme governance under which work to address issues that had been identified relating to bilateral transactions (i.e., transactions between Wholesalers and Retailers). The first

phases of the Bilateral Transactions programme, integrating a number of processes into the Bilateral Hub, were delivered under this change proposal and concluded in November 2022. [MOSL's 2023-26 Business Plan](#) includes a subsequent programme of work which aims to continue to standardise, combine, streamline, or retire residual processes set out in the [Operational Terms](#) before bringing them into the Bilateral Hub which is aimed at improving the efficiency of interactions between Wholesalers and Retailers for the benefit of customers.

CPW139 and CPM051 establishes this programme of work, which represents Phase Seven of the Bilateral Transactions Programme. CPW139 and CPM051 will be delivered through a series of implementations in the same way that previous Bilateral-related change proposals were implemented under the Ofwat-led programme via CPW070 (a, b, c, etc.). CPW139c consists of a streamlined I1 Disconnections process incorporating processes I1, I3, I4, I5, I7 and I13 and a merged I3 process incorporating I8, I10 and I11.

The issue

Disconnection processes

The [Operational Terms](#) sets out the way in Which Wholesalers and Retailers are to interact when making either a permanent or temporary disconnection of water connections to an eligible premises. There currently are six (6) disconnections processes that are undertaken with essentially the same steps that are variable dependant on the party requesting them:

I1 – Disconnection on the basis of non-household customer non-payment. This process is triggered by the Retailer submitting an I/01 form to the Wholesaler. The process has an SLA (Service Level Agreement) and an associated OPS (Operational Performance Standard) Charge associated with it.

I3 – Disconnection on the basis of illegal use. This process requires the Wholesaler to provide the customer and its Retailer a notice informing them of the reasons for disconnection. There is only an associated central systems SLA for providing this notice within 24 hours of the disconnection.

I4 – Disconnection for breach of Water Fitting Regulations. This process mirrors the current I3 process. The Wholesaler is required to inform the customer of what action needs to take place before the supply can be restored.

I5 – Disconnection requested by the customer. This process is triggered by either the Retailer or the customer submitting an I/02 form to the Wholesaler. The Wholesaler then notifies the Retailer of the disconnection.

I7 – Disconnection using the Wholesaler's powers of entry at the Retailers request. This process is triggered following at least one failed Wholesaler site visit for disconnection where the customer has refused entry to the premises. The Retailer can request the Wholesaler uses its powers of entry by submitting an I/03 form. The Wholesaler must request a warrant from a Justice of the Peace within 10 Business Days of receiving the form.

I-13 Disconnection following non-payment by a self-supply Retailer. This process is triggered following the submission of an I/05 form as well as notices to the self-supply Retailer and any other relevant Wholesaler that may be supplying services to the eligible premises.

The disconnection processes have been prioritised for integration into the Bilateral Hub given the extent of their use, and the impact on business customers. It is considered more effective to include all of the disconnection types performed by the Wholesaler under one process, to standardise the timeframes associated with each type of disconnection and to consolidate these processes within the Bilateral Hub.

Reconnection Processes

The [Operational Terms](#) allow Retailers to request that a supply that was temporarily disconnected by the Wholesaler to be reconnected. There are currently three (3) reconnection processes that are undertaken by the Wholesaler. These are all triggered by the submission of an I/04 Form:

I8 – Reconnection requested by the Retailer. This process has two OPS charged SLAs for the Wholesaler. If the I/04 form is received before 3pm on a business day, reconnection must be attempted on the same business day or the next business day.

I10 – Reconnection following the rectification of a breach of Water Fitting Regulations. This process is not associated with an OPS charged SLA. Wholesalers have two (2) business days to perform the reconnection if the I04 form is received after 3pm on a given business day.

I11 – Reconnection following disconnection requested by the customer. Reconnection should be performed as soon as practicable or as agreed with the Retailer or customer.

The three (3) reconnection processes have different SLA's depending on the party requesting the reconnection meaning that customers can be treated differently and receive a different experience even though the process is essentially the same. These processes have been prioritised for integration into the Bilateral Hub given their relative impact on business customers.

The Change Proposal¹

This change was proposed by MOSL and concerns both the disconnection and reconnection process in the [Operational Terms](#). The change proposes to group all of the disconnection processes and integrate them into the Bilateral Hub and to merge all of the reconnection processes performed by the Wholesaler and integrate them into the Bilateral Hub. It also includes three housekeeping changes to the Operational Terms.

The main changes to disconnection processes I1, I3, I4, I5, I7 and I13 and the rationale are listed below with further detail being contained within the [Final Recommendation Report](#) (FRR).

Disconnection proposed changes.

- **Grouping:** Given the similarity of the steps in all of the disconnection processes, the proposed solution groups all of these processes together and aligns them under one. This simplifies the treatment of these different disconnection types and introduces a single, end-to-end, OPS SLA. This SLA either tracks the request from start to finish (for standard temporary disconnections) or to the notification of the outcome of viability checks (for non-standard and permanent disconnections).
- **Service Level Agreement changes:** CPW139c proposes reducing five (5) current SLAs to three (3). The proposed changes to the SLAs for disconnection types are as follows.

Type of disconnection	Current (Business Days)	Proposed (Business Days)
Standard disconnection	20	12
Non-standard disconnection	34	54
Permanent disconnection	115	42

¹ The proposal and accompanying documentation are available on the MOSL website at <https://www.mosl.co.uk/market-codes/change#scroll-track-a-change>

The increase to the non-standard disconnection SLA is due to usage of the non-standard quotation process within the Bilateral Hub that allows a Retailer a maximum of 30 business days to act where previously it was 5 days. Prior to this the [Operational Terms](#) allowed 3 months to accept a non-standard quote within other processes.

- **Incorporating the I7 process into the single disconnection process:** I7 (Gaining entry to an Eligible Premises for the purposes of Disconnection using the Wholesalers powers of entry at Retailer) is triggered by a separate form from the Retailer to the Wholesaler if a customer refuses entry to the eligible premises. The change proposal incorporates this into the disconnection process and the Bilateral Hub will allow tracking and validation to ensure that the transaction is only completed when at least one site visit has failed.
- **Redirection of the customer to the Wholesaler to reschedule disconnection visits:** The I7 process allows for the Customer to reschedule a disconnection visit by contacting the Retailer. The Retailer then liaises with the Wholesaler and informs the customer of the rescheduled site visit. The change proposal suggests that the customer be redirected to contact the Wholesaler. This is more efficient due to Retailers not having access to the Wholesalers' booking system.
- **OPS SLA Improvements:** The I1 (Disconnection on the basis of non-household customer non-payment) process is currently monitored by two (2) OPS SLA's. SLA1a tracks standard temporary disconnections from the receipt of the I/O1 form to completion of the disconnection. SLA1b tracks non-standard temporary disconnections from Retailer acceptance of the non-standard quotation to disconnection by the Wholesaler. The SLA allows 12 business days for this to be completed. The change proposal implements one OPS SLA for the merged disconnection process and retains the 12 business days SLA. For a standard temporary disconnection, the time will be tracked from the submission of the I1 request to completion or to the point of the Retailer receiving the non-standard quotation. The change proposal will result in the same SLA applying to all of the six (6) processes as opposed to it currently only applying to the I1 process and will improve consistency of treatment across these processes.
- **Non-OPS SLA improvements:** the change proposal suggests the removal of the option for the Wholesaler to propose a quote for permanent disconnections on the basis that this contradicts the Water Industry Act provisions which state that if a customer requests permanent disconnection that this cannot be charged.

Reconnection Proposed changes

- **Merged I3 process:** Given the similarity of the steps in all of the disconnection processes, the proposed solution merges all of these processes together and aligns them under one.
- **Removed option to reconnect sewerage:** The Operations Advisory Group (OAG) advised as part of the change process development that this option should not be applicable. This is because a Wholesaler would not disconnect a sewerage service as this could constitute a public health risk. As a result, the proposed change only applies to reconnections of water services.
- **Removal of the time-based start trigger:** The current I8 process dictates that if a request is received before 3pm on a business day, the Wholesaler should make the reconnection by the next business day, however there is inconsistency across the disconnection processes. The I8 process (Reconnection requested by the Retailer) has a related OPS charge to that 3pm trigger, but the I10 and I11 processes do not. The Bilateral Hub does not have the functionality to create an hour-based SLA and therefore the proposed merged process extends the OPS charged SLA to two business days but includes the updates to central systems and is applicable to all reconnections performed by the wholesaler.
- **OPS SLA improvements:** The change proposes a new 2 business day SLA which will track the time from the submission of the I3 (merged) Request to its completion, including the necessary updates to the Central Systems.

Housekeeping changes

- **Grammar changes to Operational Terms:** The change proposal suggests the rectification of some minor grammatical mistakes in the [operational terms](#) that have been outstanding since 2021. These have been reviewed and agreed by CAG as part of this proposal and further detail can be found in the [FRR](#).

Industry engagement and assessment

The recommendation reports presented as part of CPW139 and CPM051 do not feature a traditional consultation. Instead, the OAG and Code Advisory Group (CAG) were directly involved in the assessment of CPW139b, each consisting of subject matter experts from Retailers, Wholesalers, MOSL, and where appropriate, third-party integrators. Key themes and feedback which emerged from these groups included:

OAG – An OAG member sighted that here are benefits to the customer and the Retailer by simplifying the customer journey and aligning the SLA's. The customer will experience a simpler process with more realistic timescales for the respective disconnection and reconnection processes. The changes to the process also benefit Retailers by simplifying the processes that staff must undertake and hopefully reducing potential errors in processing.

CAG – A CAG member stated that CAG have considered all of the proposal thoroughly and the administrative burdens between both Wholesalers and Retailers would be eased.

Views of the Customer Representative

The Consumer Council for Water provided the following view on the change:

“We support the proposal to merge the disconnection and reconnection processes and implement them in the Bilateral Hub. This implementation should help to ensure that the same standardisation and centralised monitoring that has benefited other bilateral processes, should also apply to these.

We continue to support the principle of tracking a request from initiation to completion, so we welcome the merging of the disconnection and reconnection processes with one SLA that will do this. Incentivising trading parties with an OPS SLA to provide the actual outcome within a certain period of time, rather than simply responding to the request, should produce the most benefit for customers, and may result in improved customer outcomes.

While we understand the need for standardisation, particularly where the existing processes duplicate each other, it is important to note that there may be different customer experiences depending on the process being used. For example, a disconnection being carried out at a customer’s request represents a different experience to one in response to a customer not paying their charges. Therefore, it is important that the latter process continues to be applied only as a last resort, and after sufficient customer notice and engagement. The relevant regulatory requirements need to be as prominent in the new Hub processes as they are currently in the Operational Terms to ensure that customer protection is not inadvertently compromised by the merging of all the different disconnection processes.”

Code Change Committee (CCC) discussion and recommendation

The CCC considered this Change Proposal at its meeting on 9 August 2023. It recommended, by majority decision (6 in favour, 2 abstained) that the Authority approve this proposal. The proposed implementation date set out in the [Code Change Committee's Final Recommendation Report](#) is 12 December 2023.

This recommendation has been made on the basis of the rationale set out by the proposer in its contribution to the following principles and objectives:

- **Primary Principle:** The grouping of disconnection processes into one I1 process and merging of the reconnection processes into one I3 process will protect and promote the interests of existing and future Non-Household Customers by ensuring processes are standardised and consistent, which are key to enabling enhanced operational efficiency and accuracy of billing data. CPW139c better protects and promotes the interests of existing and future non-household customers by incorporating processes into the Bilateral Hub and improving the accuracy of market data and in turn accuracy of billing.
- **Seamless Non-Household Customer experience:** CPW139c improves consistency across processes with their inclusion in the Bilateral Hub supporting Retailers to provide a seamless Non-Household Customer experience across Wholesale areas.
- **Simple, cost effective and secure:** CPW139c incorporates more processes into the Bilateral Hub, meaning that Trading Parties can continue to reduce reliance on multiple systems.
- **Transparency and clarity:** The inclusion of the I1 and I3 processes into the Bilateral Hub is accompanied by clear, open and transparent code drafting, making new arrangements and standards complete, concise, structured, unambiguous and readily accessible to both existing and prospective trading parties. The Bilateral Hub will also allow OPS performance to be monitored automatically whereas previously it was self-reported.
- **Efficiency:** CPW139c continues the work of the Bilateral Transaction Programme which will increase efficiency by streamlining processes into one platform and will utilise links to other central systems. The inclusion of the streamlined disconnection and reconnection processes will reduce the complexity of treating several almost identical processes in different ways.
- **Non-discrimination:** The Bilateral Hub is intended to be universally beneficial to Trading Parties. Standardising relatively well-used processes such as I1 and I3 (merged) in the Bilateral Hub may also remove barriers to Retailers operating across multiple Wholesaler areas by only having to use one system for Requests.
- **Operational Terms Objectives:** CPW139c will facilitate the performance of Trading Parties by standardising and improving the efficiency of the I1 and I3 (merged) processes including the implementation of centrally reported end to end SLA's.

The main challenges to the change proposal discussed by the CCC included the following:

- It was noted at CCC that by grouping the disconnection processes, the allowed timescales for non-standard disconnections would be extended, giving Retailers more time to agree charges with the Wholesaler and customer. The CCC discussed the impacts that this may have on the Primary Principle and as a result one member of CCC abstained from voting.

- Another member of the CCC cautioned that aligning the timescales in the Bilateral Hub and amending OPS from hours to Business Days due to system limitations could be detrimental and abstained from voting.

Our decision and reasons for our decision

We have considered the issues raised by the Change Proposal and the supporting documentation provided in the CCC Final Recommendation Report and have decided to approve the proposal. We have concluded that the implementation of CPW139b will better facilitate the principles and objectives of the Wholesale Retail Code detailed in Schedule 1 Part 1 Objectives, Principles and Definitions, and is consistent with our statutory duties.

We think this proposal will further the **Primary Principle** as it will improve current and future customers' experience of the market through reducing the risk of unsatisfactory outcomes because of multiple and varied operational processes and improved market data.

We note the concerns raised at CCC, particularly in relation to the extended SLA for non-standard disconnections and have considered the arguments laid out in the [FRR](#).

SLA's

It is our view that customer protections will not be negatively impacted by the changes to the SLAs as presented by the change proposal. MOSL have confirmed that non-standard disconnections currently make up less than 1% of the disconnections that will now be incorporated into the Bilateral Hub. The remainder of the transactions that will be handled within the Bilateral Hub will be subject to the proposed new, and reduced, SLA's. Currently, only disconnections requested by the Retailer due to non-payment are monitored via the OPS charged SLA's. Extending this to cover all disconnection types will positively impact customer outcomes by making performance more transparent and incentivising more efficient transactions between Wholesalers and Retailers.

The [operational terms](#) previously allowed three months to accept a non-standard quote within other processes, and we note that this is a maximum timeframe. We therefore expect Retailers to act promptly and sooner to ensure these positive customer outcomes are achieved. We expect Retailers to clearly set out these processes in their policy documents with customers and detail the reasons for the actions that will be undertaken. In addition, the inclusion of these processes into the Bilateral Hub will allow for better tracking and reporting, and should it be necessary a code requirement could be considered to allow quicker resolution should monitoring highlight this as an ongoing issue.

We are satisfied that OAG has also provided assurance that merging all disconnection processes under one should have minimal adverse impacts on trading parties and is therefore considered the most efficient and effective approach.

We support the move away from previously self-reported OPS for the I1 and I3 processes and think that bringing this into the Bilateral Hub will further the Transparency and clarity principle, allowing better reporting and giving greater visibility of market performance in this area.

We agree that this proposal will support a **Seamless Non-Household Customer experience** by standardising the I1 and I3 merged processes under a central system (the Bilateral Hub), as well as aligning the related SLAs, which supports the **Efficiency** principle.

We acknowledge and support the change which requires Retailers to direct their customers to engage with Wholesalers directly to reschedule missed site visits. We support the view that incorporating the request that the Wholesaler uses its powers of entry as a step in the I1 process (rather than the Wholesaler writing a letter to the Customer and directing them to agree a new site visit with the Retailer) removes a layer of complexity and inefficiency from the process. This will also reduce the time the customer has to wait while the Retailer liaises with the Wholesaler to arrange the site visit. This will further the **Efficiency** principle.

The proposal is **Simple, cost-effective, and secure** by incorporating multiple processes into the Bilateral Hub, reducing reliance on multiple systems for service requests. The proposal supports the principal of **Non-discrimination** as all Trading Parties will benefit from the integration of the I1 and I3 merged processes into the Bilateral Hub. The proposal will further the **Operational Terms Objectives** as it will support the performance of Trading Parties by standardising and improving the efficiency of the I1 and I3 merged processes.

In addition to the above reasoning to support the change proposal we also support and agree with the Housekeeping changes as detailed in the [FRR](#).

Decision notice

In accordance with paragraph 6.3.7 of the Market Arrangements Code, the Authority approves this Change Proposal.

Dan Mason
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