

Change Proposal Reference: CPW139 & CPM051		Initial submission of this form is the first stage of the Change Proposal process, as outlined below. Its solution may evolve with further assessment and consultation.	
Original Title	Bilateral Hub	01	Change Proposal
Working Title	Bilateral Hub	02	Consultation
Date Raised	27/02/2023	03	Draft Report
Type	Code Change Proposal	04	Final Report
Urgent?	No		

Case for Urgency - required for Urgent Change Proposals only		
<i>If the change is Urgent, please state which urgency principles apply and rationale. Supporting evidence may be included as an attachment to this Change Proposal form. (?)</i>		
Principle	Applicable	Rationale and Evidence
Significant impact on a party, parties, consumers or other stakeholder.	Choose an item.	
Significant impact on the safety and security of the Central Market Operating System.	Choose an item.	
Party in breach of any relevant legal obligation.	Choose an item.	
Material and immediate risk of significantly impacting the development and/or operation of the business retail market.	Choose an item.	

Code modification is required to comply with/implement Law.	Choose an item.	
<i>If the change is Urgent, please provide the date by which this change should be implemented and justification. (?)</i>		
Proposed Implementation Date		
Justification		

Summary of Change Proposal - required for all Change Proposals

Please summarise the issue or defect this Change Proposal/Charging Change Proposal is seeking to address. (?)

[CPW070 & CPM043 \(Bilateral Transactions\)](#) has delivered 16 processes of the [Operational Terms](#) on a new technical platform, supplemented by improved market code drafting, redesigned workflows, more appropriate and consistent service level agreements (SLAs) and transparent reporting. However, whilst the [full benefits review of CPW070 & CPM043](#) has demonstrated significant time, cost and resource savings have already been realised across the market, a total of 49 processes of the Operational Terms still only function outside of the Bilateral Hub.

The 49 remaining processes (4 OPS¹, 45 non-OPS) currently outside the Bilateral Hub require Wholesalers to maintain and operate multiple legacy systems which could potentially be rationalised or retired if these processes were migrated away. Trading Parties are also required to initiate, record, and complete processes in a number of different systems as opposed to one standardised central system, making it extremely difficult for these parties to operate effectively and efficiently across the market. Trading Parties have highlighted the criticality of de-commissioning these systems to maximise the enduring benefits of the Bilateral Hub for market participants and Non-Household Customers. Furthermore, market frictions caused by a lack of consistency in approach to bilateral transactions outside of the Bilateral Hub will continue to have a negative impact on Non-Household Customers' experience and perception of the market.

¹ OPS, Operational Performance Standard - the performance standards set out in Table 2 of [CSD 0002 \(Market Performance Framework\)](#) which are used for the purposes of monitoring Trading Party performance

In discussion with MOSL through advisory groups and other engagement channels, as well as through the approval of [MOSL's 2023-26 Business Plan](#), Trading Parties have indicated a strong preference for the remaining operational processes to be delivered in the Bilateral Hub as a matter of priority.

Please describe (in reasonable but not excessive detail) the proposed solution of this Change Proposal/Charging Change Proposal and its nature and purpose. (?)

Having completed the Ofwat-mandated programme of work (CPW070 & CPM043) in 2022/23 (having started in 2021/22), the next phase of the [bilateral transaction programme](#) aims to standardise, combine and/or streamline the remaining processes of the Operational Terms and bring them into the Bilateral Hub. This will enable Wholesalers to decommission their legacy systems and realise the full potential of one central system. Initial analysis indicates that adding the remaining bilateral processes to the Bilateral Hub would save Trading Parties a further £1.1million per year - on top of the £2.1m already delivered - as a result of efficiency savings and the decommissioning of legacy systems. It will also improve Trading Party performance through transparency and standardisation and therefore enable and incentivise market participants to continue improving outcomes and value for customers in terms of timeliness and quality of service.

The general functionality of the Bilateral Hub will also be enhanced where suitable, drawing from a backlog of suggestions received from Trading Parties during the development of CPW070 & CPM043. These process developments and functionality enhancements will result in amendments being required to the Wholesale-Retail Code and potentially the Market Arrangements Code.

The programme is proposed to be delivered over two years at a cost of £1.76 million, and experience of CPW070 & CPM043 has demonstrated that merging the remaining processes into several groupings will deliver significant cost and efficiency savings, and simplification of the market codes. The programme plan prioritises the delivery of the residual operational processes based on request volumes, OPS significance, and customer impact, reflecting Trading Party feedback and preference. MOSL has also engaged extensively with Trading Parties through the development of its [2023-26 Business Plan](#) on the phasing and rollout of this solution to minimise cost and ensure sufficient time is provided for testing and system integration. MOSL will continue to work directly alongside Trading Parties and advisory groups to assess, review, and where appropriate deliver the remaining processes of the Operational Terms, following governance arrangements established by CPW070 & CPM043. This approach will enable MOSL to take forward work with appropriate checks and balances to ensure the continuation of the Bilateral Hub solution is coordinated in close consultation with Trading Parties and the Code Change Committee. The project will also be subject to oversight by the MOSL Board who will liaise with advisory groups to support the development of the technological solution and define the appropriate code amendments across the life of the project. To summarise the benefits of this methodology, the proposed governance framework:

- Provides transparency and sets clear accountabilities for the overall process,
- Ensures that robust code amendments are identified throughout the project and there is clarity on how these will ultimately be approved and implemented,

- Ensures that the continuation of the Bilateral Hub solution considers the needs of all types of Trading Parties and Non-Household Customers, facilitates the objectives and principles of the Market Codes, and recognises strategic objectives, and
- Ensures that any mandated Bilateral Hub solution is embedded within standard market governance going forward.

As with any change, CPW139 & CPM051 will be kept under review as work progresses. It is feasible that re-prioritisation of processes may be required from time to time, and such cases will be brought proactively to the Code Change Committee (CCC). There will also be a key milestone in September 2023 (once the first three process groupings² have been presented to CCC) where the CCC will review the delivery of work to date and confirm the remaining processes and process priorities for 2024-25, which will then inform the development of MOSL’s 24/25 Business plan for the Bilateral Transactions Programme.

Please summarise any impact on the customer journey by implementing this Change Proposal. (?)

The 49 remaining processes feature inefficient workflows and are accessed via various platforms which Retailers must navigate, causing unnecessary difficulties and complexities, and minimal central visibility of operational request statuses, leading to higher cost to serve, longer resolution timeframes and poor end customer service.

Delivering the remaining operational processes into the Bilateral Hub offers further opportunities to improve customer service, reduce complaints and improve efficiencies whilst removing remaining frictions in the market. See the [full benefit review for CPW070 & CPM043](#) for a consolidated perspective of efficiency, cost, and non-financial benefits previously realised by the Bilateral Hub.

Where applicable, please summarise how the experience and responsibilities of other market participants will be impacted in implementing this Change Proposal/Charging Change Proposal. (?)

Participant (?)	Current Experience	Post-Implementation Experience
Trading Parties	Trading Parties benefit from the efficiency of processes already delivered in the Bilateral Hub, but face inefficiencies and difficulties when navigating undelivered	Initial analysis indicates Trading Parties would save a further £1.1million per year (on top of the total £2.1m already delivered through CPW070 & CPM043) as a result of

² First three process groupings to be Allowances and Adjustments, Verifications, and Disconnections and Reconnections (see CPW139 & CPM051 Change Plan document).

	<p>processes. Trading parties are required to maintain legacy systems and Retailers are required to operate multiple platforms to raise Requests with Wholesalers. Furthermore, self-reporting is still required on 4 OPS processes.</p>	<p>decommissioning Wholesaler systems and efficiency savings in standardising processes.</p> <p>See the full benefit review for CPW070 & CPM043 for a consolidated perspective of efficiency, cost, and non-financial benefits previously realised by the Bilateral Hub.</p>
Market Operator	<p>MOSL is required to collate self-reporting against OPS for processes remaining outside the Bilateral Hub, has no oversight of performance against non-OPS processes, and is limited in opportunity to identify and resolve market frictions.</p>	<p>MOSL no longer has to manage two types of OPS reporting. Robust and transparent centralised reporting builds market confidence and trust, and increases MOSL's ability to spot emerging risks or opportunities for improvement and respond proactively.</p>

Objectives and Principles - required for all Change Proposals

Summarise how the following Objectives and Principles, as set out under [Part A of Wholesale Contract Schedule 1 Part 1](#) are impacted by this Change Proposal. (?)

Objective/Principle	Nature of impact	Detail of impact
Primary Principle	Positive Impact	Faster and more effective resolution of Requests and correct market data to facilitate accurate customer billing.
Continued development and sustainment of an effective market	No Impact (consistent)	

Seamless Non-Household Customer experience	Positive Impact	A lack of consistency in approaches to bilateral transactions creates difficulties for Retailers and by virtue of this, has a negative impact on Non-Household Customers. Continued development of standardised bilateral interactions in one central system will support Retailers in providing a seamless Non-Household Customer experience across Wholesale areas.
Resilience	No Impact (consistent)	
Transparency and clarity	Positive Impact	The development of standardised processes will be 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. Furthermore, the Bilateral Hub will enable previously self-reported OPS performance to be monitored and reported independently in a more robust, objective, transparent, and consistent way, raising confidence in performance reporting.
Proportionality	Positive Impact	
Efficiency	Positive Impact	Increasingly efficient communication and standardised interactions delivered by the Bilateral Hub will support increasingly efficient process performance and effective resolution of Non-Household Customer issues. Avoids complexity associated with the use of multiple processes and interfaces where a Retailer's customer base is across multiple wholesale areas. Furthermore, centralised technology platform will utilise links to other central systems (e.g., CMOS) to pre-populate fields with appropriate data, helping to maintain and improve data quality and avoid manual errors.
Non-discrimination	Positive Impact	The Bilateral Hub is intended to be universally beneficial to market participants and does not

		discriminate against any existing or prospective Trading Party or group of such. Standardising remaining processes in the Bilateral Hub may also remove barriers to Retailers operating across multiple Wholesaler areas by only having to use one system for operational requests.
Simple, cost effective and secure	Positive Impact	As more processes are incorporated into the Bilateral Hub, Trading Parties lessen their reliance on multiple systems. One portal (Bilateral Hub) maintained by MOSL will be simpler, more cost effective and recovery process can be consistently maintained in line with code requirements.
Business Terms Objectives	No Impact (consistent)	Minor drafting changes to the Business Terms might be required, but this change is unlikely to materially impact the rights and obligations of Trading Parties in respect of the provision of and payment for Wholesale Services.
Operational Terms Objectives	Positive Impact	This change will improve the efficiency of, and standardise, operational processes which facilitate the performance by the Contracting Wholesaler and the Contracting Retailer of their respective functions to the provision of Water Services and Sewerage Services in relation to the Competitive Market. This includes the implementation of robust and centrally reported end to end SLAs.
Market Terms Objectives	Positive Impact	Improvements to operational processes may have an indirect and positive impact on the Registration of data concerning Non-Household Customers or Eligible Premises, the transfer of Non-Household Customers between Retailers, primary charge calculations, and other functions of the Competitive Market by facilitating interactions between the Contracting Wholesaler and Contracting Retailer.
<p><i>Summarise how the following Principles, as set out under Schedule 1 Market Arrangements Code Principles and Definitions, are impacted by this Change Proposal. (?)</i></p>		
Principle	Nature of impact	Detail of impact

Primary Principle	Positive Impact	As above.
Continued development and sustainment of an effective market	Positive Impact	As above.
Seamless Non-Household Customer experience	Positive Impact	As above.
Resilience	No Impact (consistent)	
Transparency and clarity	Positive Impact	As above.
Proportionality	Positive Impact	As above.
Efficiency	Positive Impact	The transparency, clarity, and standardisation afforded by the Bilateral Hub helps to ensure the efficient, economic and effective administration, governance and operation of the Competitive Market.
Non-discrimination	Positive Impact	As above.
Market Led	Positive Impact	This change is proposed by the Market Operator having obtained Trading Parties agreement to including it in its 2023/26 business plan.
To support Innovation	No Impact (consistent)	

Proposer Details - required for all Change Proposals	
Name	Steve Formoy
Capacity to submit Change Proposal/Charging Change Proposal	Market Operator

Change Lead Details - required for all Change Proposals

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Codes, Appointments, Documents and Systems - Optional

Select which of the following may be impacted by this Change Proposal/Charging Change Proposal

- Market Arrangements Code (?)
- Wholesale-Retail Code Schedule 1: Terms and Conditions of a Wholesale Contract (?)
- Wholesale-Retail Code Schedule 1 Part 1: Objectives Definitions and Principles (?)
- Wholesale-Retail Code Schedule 1 Part 2: Business Terms (?)
- Wholesale-Retail Code Schedule 1 Part 3: Operational Terms (?)
- Wholesale-Retail Code Schedule 1 Part 4: Market Terms (?)
- Wholesale-Retail Code Schedule 1 Part 5: Code Subsidiary Documents (?)
- Wholesale-Retail Code Schedule 1 Part 6: Operational Forms (?)
- Wholesale-Retail Code Schedule 1 Part 7: Operational Subsidiary Documents (?)
- Scottish Core Industry Documents (?)
- Appointment
- Licences
- Other industry code/agreement/document [please specify here]
- Central Systems (?)
- Trading Party Systems (?)

Where applicable, please summarise the nature of impacts on the items above.

Anticipated impacts are as follows:

- Markets Arrangement Code: **low**
- Wholesale-Retail Code Schedule 1: Terms and Conditions of a Wholesale Contract: **low**
- Schedule 1 Part 1: Objectives Definitions and Principles: **low**
- Wholesale-Retail Code Schedule 1 Part 2: Business Terms: **low**
- Wholesale-Retail Code Schedule 1 Part 3: Operational Terms: **high**
- Wholesale-Retail Code Schedule 1 Part 4: Market Terms: **medium**
- Wholesale-Retail Code Schedule 1 Part 5: Code Subsidiary Documents: **high**
- Wholesale-Retail Code Schedule 1 Part 6: Operational Forms: **high**
- Wholesale-Retail Code Schedule 1 Part 7: Operational Subsidiary Documents: **high**
- Central Systems: **high**
- Trading Party Systems: **medium to high**

Further Information and Additional Comments - Optional

Please provide any further information that will support the development of this Change Proposal/Charging Change Proposal. Include references to related or supporting documents and consultations as required. (?)