

## Engagement Brief

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### Transfer Read Notifications for Outgoing Retailers (CPW148)

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**Summary** CPW148 seeks to introduce notifications to Outgoing Retailers when Transfer Reads are updated or removed.

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**Actions** Stakeholders are invited to consider the questions in [section 3](#) and respond to the Survey:

[CPW148 Survey](#)

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**Engagement Window** 9am on 8 January to 6pm on 26 January 2024

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**Related documents**

- Attachment 1: Legal Drafting (CSD 0301)

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### Proposer

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### Any Questions?

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It is the Code Change Committee’s (CCC’s) view that the business case for [Transfer Read Notifications to Outgoing Retailers \(CPW148\)](#) would benefit from stakeholder engagement to confirm any impact on stakeholders (including customers) and to ensure stakeholders are aware of the change proposal and have ample time to prepare for its implementation (if approved).

To support these aims, this document sets out an overview of the change proposal, its development to date and specific questions posed to stakeholders to support its development moving forward.

To allow stakeholders to respond to questions posed to them in a proportionate manner, a [survey](#) has been organised – the questions contained within it can be found below in [section 3](#).

Subject to competition and privacy law, responses will be forwarded to the CCC and published on the MOSL website. If respondents want all or part of their response to be kept confidential, there is room to make this clear in their response. However, please note, confidential responses will be shared with Ofwat.

If you require any assistance, please contact the Code Change Secretariat at [codechange@mosl.co.uk](mailto:codechange@mosl.co.uk).

## 2 Change Proposal Summary

### 2.1 Background to problem

Transfer Reads are reads that record the final volume of consumption for a customer before the customer switches from one retailer (Outgoing Retailer) to another (Incoming Retailer). They're necessary because the Outgoing Retailer must be able to calculate an accurate last customer bill, and the Incoming Retailer needs an accurate baseline from which future bills are generated. In most cases, it is the Incoming Retailer who supplies this Transfer Read. When this happens, the Outgoing Retailer is notified via CMOS, and can adjust their billing accordingly. However, if this Transfer Read is found to be inaccurate and later updated in CMOS then the Outgoing Retailer is currently not notified of this change.

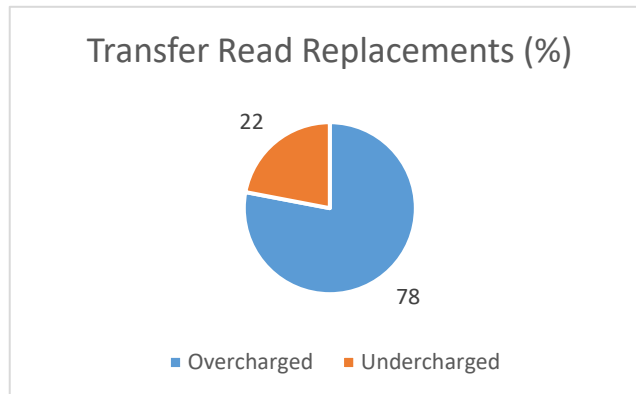
### 2.2 Problem Statement

As the transactions in CMOS are currently set up, when Transfer Reads are removed or updated by the Incoming Retailer, the Outgoing Retailer is not notified. This is a problem because it means the last bill supplied by the Outgoing Retailer to the customer may not reflect this updated Transfer Read, as the Outgoing Retailer has not been made aware of the changed Transfer Read. The Outgoing Retailer may remain unaware of this change until the settlement report for that invoice period is run, which could be up to eight months later, depending on when the new Transfer Read was submitted in relation to the settlement run schedule.

### 2.3 Evidence of Problem Statement

Since market opening in April 2017, there have been 317,631 Transfer Reads recorded in CMOS. 37,128 of these (11.7% of Transfer Reads) have been replaced at least once. Of the

Transfer Reads that were replaced, in 22% of cases the first Transfer Read was lower than the updated Transfer Read (See Figure 1) and in 78% of cases the first Transfer Read was



higher than the updated Transfer Read. This means that for a large majority of meters that receive a Transfer Read which is later updated, if this update is not communicated to the Outgoing Retailer, the customer may be overcharged until the final bill has been corrected.

Figure 1: Percentage of Transfer Read Replacements where the new read was lower (customer may have been overcharged) or higher (customer may have been undercharged).

Table 1 (see Appendix B) splits Transfer Read Replacements by Meter Size Group displaying the Average Change in Consumption for each Meter Size Group. It also shows the net total change across all meters whose Transfer Reads were replaced, which amounts to 19,055,872 m<sup>3</sup> in consumption inaccuracy (since market opening). Assuming consumption is billed at £1.1 per m<sup>3</sup>, this is equivalent to £21m in inaccurate customer bills since market opening.

Table 2 (see Appendix B) splits the number of Transfer Reads (A total of 37,128 between the years 2017-2023) by year. Although Transfer Read Replacements peaked in 2019 (See Figure 2), 3,000 Transfer Read Replacements have been recorded this year so far and therefore this problem persists.

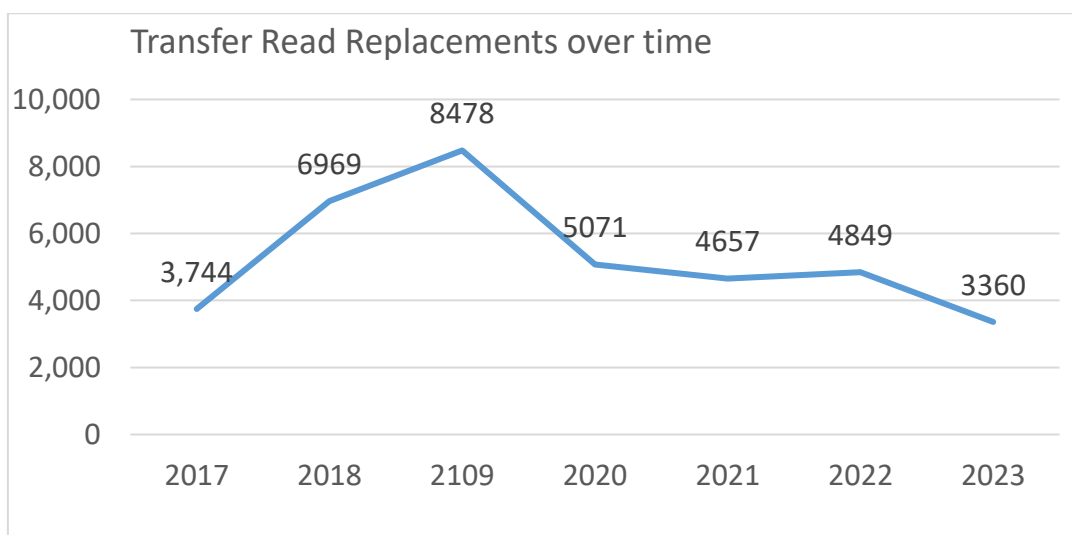


Figure 2: Number of Transfer Read replacements each year of the market

## 2.4 Strategic Priorities

This change aligns with the ‘Get the Basics Right’ strategic priority by improving baseline service provision and ensuring consumption data is available and accessible. It also aligns with the ‘Get the Money Right’ priority by ensuring the customer is paying and Retailers receiving the correct amounts of money.

## 2.5 Impacts of the Problem Statement

### 2.5.1 Customers

Customers' final bills are delayed or inaccurate because Outgoing Retailers are not informed of updated Transfer Reads. This delay may cause overcharging or delayed refunds. Inaccurate billing can lead to dissatisfaction and complaints from customers, affecting their overall experience in the water market.

### 2.5.2 Retailers

Outgoing Retailers currently face challenges in providing accurate final bills due to the lack of notifications when Transfer Reads are updated or removed by Incoming Retailers. Delayed billing updates result in potential customer complaints, impacting Retailers' resources in handling these issues. Implementation of CPW148 will enhance transparency between Incoming and Outgoing Retailers, ensuring timely and accurate billing, potentially reducing operational complexities.

## 2.6 Development to date

The table below details the development of the change proposal to date:

Action	Conducted By	Dates
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<b>Initial Socialisation</b>	Operations and Release Working Group (ORWG)	13 June 2023
<b>Change Proposed</b>	MOSL	29 November 2023
<b>Gate 1 discussion</b>	Code Change Committee	11 December 2023

The [Operations and Release Working Group \(ORWG\)](#) met on 13 June 2023 where this change proposal was presented to them in its current form. The ORWG had no comments other than clarificatory questions surrounding the change and the current notifications that are sent. There was broad consensus that it was odd that CMOS didn't currently inform Outgoing Retailers of Transfer Read changes. Meeting minutes for the June 2023 ORWG can be found [here](#).

### 2.6.1 Code Change Committee Considerations

The Code Change Committee (CCC) discussed CPW148 at its meeting on the [11 December 2023](#). Members agreed that CPW148 posed potential benefits to customers by ensuring that the most up-to-date consumption data was used by Outgoing Retailers in their last customer bill. They asked that further data analysis on behaviours prompting changes and reasons behind declining transfer read numbers since 2019 to enhance the recommendation report's depth be conducted, to understand Retailer and customer behaviour better.

### 2.6.2 Engagement Type

The CCC agreed that CPW148 was a functional change, which would benefit from engagement to understand its impacts on wider stakeholders including customers. They also agreed that it was important that stakeholders were aware of the Change Proposal, so that any necessary system updates could be made (if approved for implementation). Therefore, a survey was deemed to be an appropriate and proportionate engagement type.

For more information on how engagement is decided, please see the [Guidelines for Engagement on Code Change \(GECC\)](#).

## 2.7 Solution

### 2.7.1 Design Principles

CPW148 looks to implement a solution which addresses the following:

- **Transparency:** Ensure market participants are aware of all of the information that is available to them
- **Accuracy & timeliness:** Addressing delays and inaccuracies in final customer bills caused by unawareness of Transfer Read updates.

- **Efficiency in communication:** Ensuring prompt notification to Outgoing Retailers about any alterations or removals of Transfer Reads by Incoming Retailers.

### 2.7.2 Detailed Design of Solution

CPW148 proposes to modify transactions T105.M (Notify Meter Read) and TCORR172.M (Notify Inserted Meter Read) in CMOS so that where there has been any change to a Transfer Read, notifications are sent to the Outgoing Retailer.

This change is expected to impact CMOS. Wholesalers and Retailers may be impacted if they need to make internal system changes because of CPW148.

In order to implement this solution, CSD 0301(Data Catalogue) must be updated (see proposed legal drafting as Attachment 1). However, CSD 0102(Registration: Transfers) and CSD 0202(Meter Read Submission: Process) are already in line with the solution and require no updates.

### 2.7.3 Potential benefits of the solution

Both customers and Retailers will benefit from CPW148 due to its positive effects on customer bills. Customers will benefit as CPW148 will contribute to accurate and timely customer bills when a Transfer Read is updated or removed. Retailers may also benefit from fewer customer complaints, reducing the resources required of Retailers to respond to these. Customer groups, like CCW, could benefit in a similar way to Retailers.

## 2.8 Post Consultation Development

### 2.8.1 Timetable

The following timetable for progressing CPW148 has been approved by the Code Change Committee:

Stage	Dates
Gate 1 Code Change Committee	11 December 2023
Survey	8 January 2024 - 26 January 2024
Post Survey analysis	29 January - 12 March 2024
Gate 3 Code Change Committee Recommendation	12 March 2024
Ofwat Approval	13 June 2024
Implementation	6 December 2024

## 2.8.2 Post Implementation Review

The effects of CPW148 are measurable, and the cost of delivering the change is substantial (£54,035). Therefore, MOSL recommends a Post Implementation Review is conducted.

## 3 Ask of Stakeholders

### 3.1 Impacts on Customers

#### 3.1.1 Questions

The following questions are to understand the impacts customers experience as a result of the problem statement and may experience as a result of the solution if implemented.

Question 1 allows the stakeholder to acknowledge the change proposal and gives the option to provide no further explanation, therefore the survey can be stopped after answering this section.

Question 2 and questions between 17 to 23 relate to respondent information.

Question 3 allows the stakeholder to register any concern they might have with change proposal CPW148, without needing to provide further information. Stakeholders are encouraged to respond to the full set of questions, where they have the capacity to do so.

*The following questions are standard consultation questions:*

4. *Can you estimate the annual costs you face (in monetary terms) as a result of the problem expressed by CPW148?*
5. *Would you experience benefits as a result of the solution outlined by CPW148?*
6. *Can you estimate the annual benefits (in monetary terms) you'd expect as a result of the solution expressed by CPW148?*
7. *Are there any major impacts not reported as part of the code change documentation you wish to make MOSL aware of?*
8. *Description of this impact.*
9. *Have the impacts of the problem on customers been fully articulated by the problem statement in section 2.2 of the Engagement Brief?*
10. *What impacts are missing?*
11. *Have the benefits of CPW148 for customers been fully articulated by the solution described in section 2.7 of the Engagement Brief?*
12. *What benefits are missing?*
13. *Can you summarise your organisations stance on CPW148?*



14. *Description of concerns (optional)*

15. *Can your organisation provide the data/information required for the post implementation review, should this change be implemented?*

16. *Do you wish to engage with MOSL further on this Change Proposal?*

## 4 Appendix

### A: Glossary

**Incoming Retailer:** This refers to the new Retailer after a customer has switched. They are the new service provider for the customer.

**Outgoing Retailer:** this refers to the Retailer that was previously providing services to a consumer before a switch to another Retailer occurs.

**Transfer Read:** A Transfer Read refers to the recorded meter reading associated with a change in service from one Retailer to another. It reflects the consumption data at the time of transferring services from an Outgoing Retailer to an Incoming Retailer.

## B: Data

Meter Size Group	Average Monthly Consumption (Market Wide)	Transfer Read Replacements	Absolute Total Consumption Change <sup>1</sup> (m3)	Absolute Average Consumption Change <sup>2</sup> (m3)
0 -19	1,888,101	22,100	902,998	685,448
20 - 24	1,864,663	5,573	1,307,198	1,235,765
25 - 29	2,301,349	3,606	1,263,181	1,203,300
30 -39	185,801	200	171,705	171,286
40 - 49	2,769,245	2,106	678,490	151,288
50 - 79	1,119,246	1,415	1,206,484	1,102,557
80 - 99	1,706,645	454	31,237	30,439
100 - 149	4,076,087	234	6,177,226	26,398
150 - 199	1,573,019	94	4,866,701	51,773
200 - 249	1,090,771	8	2,176,571	272,071
250 - 299	1,252,704	2	609	305
300 - 499	833,508	1	273,472	273,472
450 +	307,560	-	-	-
<b>Totals</b>		<b>35,793</b>	<b>19,055,872</b>	

Table 1 Transfer Read Replacements and Average Change in Consumption for each Meter Size Group

**Note:** In

the table above, meters that rolled over as a result of a Transfer Read update were discounted (to simplify analysis) – for this reason, the total Transfer Read analysed in the table is approximately 35,000 compared to 37,000 mentioned in section 2.3.

Year	Number of Transfer Read Replacements
2017	3,744
2018	6,969
2019	8,478
2020	5,071
2021	4,657
2022	4,849

<sup>1</sup> Net total of all +ve and -ve changes

<sup>2</sup> Average of absolute change (+ve)

<b>2023</b>	3,360
<b>Total</b>	37,128

*Table 2 Transfer Read Replacements by Year*