

Minutes of the Code Change Committee 01

29 March 2022 | 10:00-16:00

Venue: Elexon, London

Status of Minutes: Final

MEMBERS PRESENT

Anthony Pygram	AP	Independent Chair	Ulrike Hotopp	UH	Independent Member
Mike O'Connor	MO	Independent Member	Claire Yeates	CY	Retailer Member
Mike Rathbone	MR	Wholesaler Member	Matthew Glover	MG	Retailer Member
Paul Stelfox	PS	Wholesaler Member	Christina Blackwell	CB	Customer Representative

AFFILIATE MEMBERS PRESENT

Sarah McMath	SM	MOSL Affiliate Member	Dan Mason	DM	Ofwat Affiliate Member
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SECRETARIAT

Adam Richardson	AR	Panel Secretary	Sam Mawby	SMA	Secretariat
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OTHER ATTENDEES

Darren Hayes	DH	Ofwat	Stuart Boyle	SB	MOSL Presenter (item 2, 9 and 11)
Huw Comerford	HC	MOSL Presenter (item 3)	Patti Quintana	PQ	Southern Water - Proposer (Remote - item 3)
Ivy Mandinyenya	IM	MOSL Presenter (Remote - item 4)	Claire Stanness	CS	Wave Utilities - Proposer (Remote - item 4)
Kayleigh Neal	KN	MOSL Presenter (Remote - item 5)	Hannah Allardice	HA	Proposer (Remote - item 5)
Steve Formoy	SF	MOSL Observer (Remote - items 5 and 7)	John Gilbert	JG	MOSL Presenter (Remote - item 6)
Evan Joannette	EJ	MOSL Presenter (Remote - item 6)	Flo Monea	FM	MOSL Presenter (Remote - item 7)
Ben Kershaw	BK	Water Plus - Proposer (Remote - item 7)	Abu Rashid	ARa	MOSL Presenter (Remote - item 8)
Trevor Nelson	TN	Business Stream – Observer (Remote)	Oli Robins	OR	MOSL Observer (Remote)

OPEN SESSION

1. Welcome and Housekeeping

- 1.1. The Chair welcomed members to the inaugural Code Change Committee meeting.
- 1.2. It was confirmed that the meeting was quorate.
- 1.3. Code Change Committee members were asked to declare any potential conflicts of interest in relation to the meeting agenda. None were noted.

2. Change Report

- 2.1. SB presented a summary of the change report which had been circulated with the agenda. This highlighted the delivery programme, upcoming changes including potential changes in the pipeline, consultations and Ofwat decisions.
- 2.2. The Code Change Committee considered the change plan for CPW133 '[Approved Codes of Practice](#)' and noted that this linked to CPM046 [Approved Codes of Practice. The plan for CPW133](#) was required to implement the WRC (Wholesale Retail Code) element of the proposed solution and would follow the same plan as for CPM046. SB commented that there could be scope in the future to combine the WRC and MAC change processes.
- 2.3. Committee members considered the approach to reviewing change proposals going forward, observing the following:
 - Criteria for evaluating change proposals at Gate 1 would need to be clearly articulated to proposers.
 - The value of including an element of cost benefit analysis in the early stages where possible would assist in the prioritisation of change proposals.
 - The assessment of potential cost to trading parties needed to be more carefully considered including the use of assumptions where it was not possible to gather sufficient data.
 - Noted that it can be challenging for trading parties to estimate costs during the consultation period. Although there was potential scope to consider this ahead of a consultation this needed to be balanced with the cost associated with estimating costs themselves to avoid wasting resources.
 - Importance of setting clear expectations for Proposers to support the development of robust change proposals. This would include articulating the potential impact to customers, to the market, to MOSL and of costs. Proposers needed to identify the scale of the issue in i.e. was it a market wide issue or one which impacted a small number of trading parties.
 - Importance of analysis in relation to customer impact at an early stage, although this might be harder to gauge.

- 2.4. The Code Change Committee asked MOSL to explore an appropriate mechanism to facilitate the identification of costs to trading parties to inform committee decision making at each stage of the change process.

ACTION CC01_01

The Code Change Committee:

- **NOTED** the Change Report;
- **APPROVED** (unanimous) the change plan for CPW133 Approved Codes of Practice.

3. Draft Recommendation Report – CPW085 – Premises Vacant Transaction Link to DPID

- 3.1 The Code Change Committee considered the Draft Recommendation Report for CPW085 '[Premises Vacant Transaction Link to DPID](#)'. The change proposal sought to add functionality to prevent Retailers from changing the occupancy status of a premises to vacant where an active Discharge Point Identifier (DPID) or creating new DPIDs where the occupancy status was vacant as these could lead to incorrect billing. To avoid delay in changing premises to vacant, it would also add a Service Level Agreement (SLA) on Wholesalers for termination of a DPID within the G6 (Termination of Trade Effluent Consent) process of the Operational Terms.
- 3.2 A detailed discussion followed which included the following comments and observations:
- Recognition that the number of vacant premises with active DPIDs was increasing, although still relatively small in number, with nearly half registering consumption.
 - Acknowledgement that when a site was incorrectly marked as vacant and was not being charged for services it may be using, the lost revenue was recovered from other customers (including household customers) in that Wholesale area.
 - Agreement that CPW085 would increase market data accuracy by systematising validation of vacant premises and active DPIDs in CMOS and introduce a service level agreement for Process G6: 'Termination of Trade Effluent Consent.' This would lead to more accurate customer billing and timely resolution of requests to set premises to vacant. CPW085 would therefore ensure that the issue did not worsen, and the introduction of an SLA would allow timely resolution of requests for action.
 - Consideration as to whether the issue could be managed via performance monitoring, given the small numbers of premises impacted. The Committee noted that CPW085 was preventative and would stop sites with active DPIDs being incorrectly marked as vacant, whereas monitoring would identify sites incorrectly marked as vacant but not prevent them.
 - Acknowledgment that CPW085 was not creating a new process, but rather introducing an SLA for an existing process that wasn't being used or followed. The customer journey should be improved as a result of the implementation of CPW085.

- Noted that premises that were currently vacant, but with an active DPID, would be reported to the relevant Trading Party to investigate prior to implementation. Existing back billing restrictions¹ would apply to any retrospective bills that might arise.

3.3 The Committee recommended that the process for terminating trade effluent consents was considered for inclusion in the Bilaterals Hub following that project's completion.

ACTION CC01_02

3.4 The Committee recommended that the issues raised in CPW085 should be considered as part of the MPF Reform programme.

ACTION CC01_03

3.5 The Committee confirmed that it would receive the post implementation review, and recommended that the Market Performance Committee should, in light of this, consider whether there should be a focus on compliance with the G6 Process SLA.

ACTION CC01_04

3.6 The Chair summarised the benefits of CPW085 which included increased accuracy of data and the introduction of an SLA which will result in more accurate and timely customer billing.

3.7 The Code Change Committee:

- **AGREED** (unanimous) to recommend CPW085 to Ofwat for approval.
- **AGREED** (unanimous) the recommended implementation date of:
 - 2 December 2022 if Ofwat approval was received by 1 June 2022; or
 - 12 May 2023 if Ofwat approval was received by 17 November 2022.

4. Draft Recommendation Report – CPW130 – Transfer Read Estimate Reason

4.1 The Code Change Committee considered the Draft Recommendation Report for CPW130 '[Transfer Read Estimate Reason](#)'. The change proposal, which was proposed by the Metering Committee, sought to introduce more clearly defined skip reasons to better understand the reasons for estimation and, in particular, why No Access (NA) was the principal reason given for estimates. This would increase transparency and understanding of where and why reads are estimated.

4.2 A discussion followed which included the following comments and observations:

- Noted that the 'No Access' (NA) reason code was being used in 93% of cases where the transfer read was estimated and that a significant number of meters were not actually being read. Based on conversations with Retailers and its own experience, the Metering Committee believed that this code was being used

¹ Under the Business customer protection code of practice

incorrectly. A Committee member also highlighted that if one reason code accounted for nearly all cases then the suite of reason codes was not providing enough resolution why estimates were being used.

- The benefits of CPW130 would derive from how the data it produced was used. The change could provide customers with a better understanding of why their bills were estimated. However, the data needed to drive behavioural change and actions would need to be taken to improve the customer journey.
- The Chair of the Metering Committee confirmed that the output would be reported on the MOSL website, and the Metering Committee would monitor regularly to see if the change was delivering the anticipated outcomes and bring forward the Post Implementation Review if needed.
- A query was raised whether the change would achieve its aim if Trading Parties used the 'Cannot access premises' (NAP) reason code in place of the old 'No Access' (NA) reason code. The Proposer explained that the current process was not working, resulting in poor data relating to an issue that was vital to the market. The data provided by this change would be monitored and referred to the Market Performance Committee for corrective action if required.

4.3 The Post Implementation Review (PIR) was planned to begin 12 months after implementation. The Code Change Committee confirmed that it would contribute to scoping the review in conjunction with the Metering Committee and to review the PIR in March 2024.

ACTION CC01_05

4.4 The Chair summarised the benefits of CPW130 which included more accurate data on why visual reads are not being taken which would provide consumers with more information and should lead to action being taken to improve the accuracy of billing and settlement.

4.5 The Code Change Committee:

- **AGREED** (unanimous) to recommend CPW130 to Ofwat for approval.
- **AGREED** (unanimous) the recommended implementation date of:
 - 2 December 2022 if Ofwat approval was received by 1 June 2022; or
 - 12 May 2023 if Ofwat approval was received by 17 November 2022
- **CONFIRMED** support for a Post Implementation Review to be undertaken and for the results to be shared with the Code Change Committee in early 2024.

5. Draft Recommendation Report CPW120 – Final Read where Visual Read not Available

5.1 The Code Change Committee considered the draft recommendation report for CPW120 [‘Final Read where Visual Read Not Available’](#). The change proposal sought to allow

Wholesalers to enter estimated meter reads as Final Reads in the Central Market Operating System (CMOS) under specific circumstances, and to select the relevant reason code for why an Estimated Read had been used. This would increase retailer and customer visibility and understanding of estimated final reads.

5.2 A discussion followed which included the following comments and observations:

- The Committee recognised that there were instances where a visual read could not be obtained when a meter is removed and therefore the Final Read entered in CMOS needed to be estimated.
- The Committee considered whether a code change was necessary or if the issue could be resolved through guidance. However, it recognised that guidance alone would not address the requirement in CSD 0202 to obtain a visual Final Read when removing a meter.
- The Committee considered if Volumetric Adjustments could be used to resolve the issue, but the proposer explained that the codes only permitted Volumetric Adjustments for reasons such as firefighting, burst allowances or under-recording. CPW120 would be a more effective solution as the use of estimated read reason codes would provide visibility and an explanation to the customer (via the Retailer) why consumption was estimated.
- The Committee emphasised that estimated reads should only be used as a last resort, particularly for Final Reads where there was no subsequent read to reconcile an inaccurate estimate. Therefore, Wholesalers should still make every effort to obtain visual Final Reads.
- The Committee sought reassurance that CPW120 would not make it easier for Wholesalers to estimate Final Reads. MOSL confirmed that guidance would be produced to outline the action to be taken by Wholesalers prior to estimating Final Reads and the requirement to evidence why a visual read was unobtainable. Wholesalers were known to be estimating consumption where Visual Reads could not be obtained, but the extent was not visible to MOSL, Retailers or customers. CPW120 would provide this visibility, which would be publicly available.

5.3 The Committee recommended that a post-implementation review be carried out to assess the impact of the change and confirmed that it would input to the PIR's scope. The Committee noted that the Metering Committee would closely monitor the initial impact of the change, if implemented, and would share these results with the Code Change Committee.

ACTION CC01_06

5.4 The Committee noted that CPW120 did not prescribe how Final Reads should be estimated. Estimation had wider application than Final Reads and it would be inappropriate to prescribe a methodology at this stage when the extent and reasons for estimated Final Reads was unknown. However, this might be considered by the Metering Committee using data obtained from the implementation of CPW120.

5.5 The Chair summarised the benefits of CPW120 which included better data with more consistent and transparent billing processes for customers.

5.6 The Code Change Committee:

- **AGREED** (unanimous) to recommend CPW120 to Ofwat for approval.
- **AGREED** (unanimous) the recommended date of:
 - 2 December 2022 if Ofwat approval was received by 1 June 2022; or
 - 12 May 2023 if Ofwat approval was received by 17 November 2022
- **CONFIRMED** support for a Post Implementation Review to be undertaken and for the results to be shared with the Code Change Committee in early 2024.

SM left meeting

6. Draft Recommendation Report – CPW070d (Bilaterals Phase 4 – B1, B3, B7)

6.1 The Code Change Committee considered the draft recommendation report for CPW70d '[Bilaterals Phase 4 – B1, B3, B7](#)'. The change proposal sought to deliver three new processes into the Bilateral Hub (B1 – meter installation, B3 – meter testing and B7 – meter change). The change proposal also looked to amend the B5 process (meter repair or replace) to align its Operational Performance Standard to changes being proposed to the B1 and B3 processes.

6.2 The Committee noted that the Bilaterals programme was 31% overspent primarily due to delivering beyond the minimum viable product which allowed for additional functionality requested by Trading Parties, such as the ability to attach documents. The programme has subsequently taken a more stringent view of additional functionality requests, which are now added to a backlog and funded subject to cost - benefit analysis, prioritisation and availability of budget.

6.3 The Committee also noted that the programme was covered by CPW070 which was an Authority Timetabled Change raised by Ofwat. After a review and prioritisation with the industry, the programme adopted an agile approach with phased delivery (parts a, b, c, etc.) This began with CPW070a which delivered the Bilateral Hub itself and Process C1 (Verification of Meter Details) in September 2021. Subsequent phases have delivered additional processes in manageable packages, together with any housekeeping changes. Processes with the highest volume of transactions and benefit to the market had been prioritised.

6.4 The Chair summarised the benefits of CPW070d which included the standardised approaches with Key Performance Indicators that would lead to more efficiency and more improved and consistent customer service.

6.5 The Code Change Committee:

- **AGREED** (unanimous) to recommend the code amendments outlined in CPW070d to Ofwat for approval
- **AGREED** (unanimous) the recommended implementation date of 2 August 2022 if Ofwat approval was received by 2 June 2022.

7. Draft Recommendation Report – CPW128 – Updating Volume Validation Threshold

- 7.1 The Code Change Committee considered the draft recommendation report for CPW128 '[Updating Volume Validation Threshold](#)'. The change was proposed by the Metering Committee, and sought to amend the current upper and lower meter read validation volume thresholds in CMOS together with increasing the number of previous reads against which the new reading was being compared (Prior Estimate Daily Volume (PEDV) calculation) to better account for variations in customer water consumption levels. It also sought to address an anomaly in CMOS that did not allow vacant properties to have zero consumption.
- 7.2 A detailed discussion followed which included the following comments and observations:
- The Committee observed that as Retailers used their own internal validation of meter readings for customer billing, the change appeared to have no direct impact on customers and therefore queried the priority of this change. The proposer and a Metering Committee member explained that consultation feedback indicated CMOS validation rules were rejecting meter reads that Retailers had validated for use in customer bills. Therefore, the change sought to bring market data closer to that in Retailers' own billing systems by allowing more meter reads to enter the market dataset. This would reduce the reliance on estimation and improve Retailer-Wholesaler interactions which in turn would benefit customers.
 - A Committee member doubted whether CPW128 would change the market dataset, however they noted that it would remove inefficiencies in the submission process, and also the Metering Committee's support for the change. Another Committee member noted that if invalid reads were submitted and rejected then Retailers should review these rather than immediately resubmit them.
 - The Committee queried the disproportionately larger decrease in the lower volume threshold (20% to 1%) compared to the increase in the upper volume threshold (200% to 300%). A large proportion of the market comprised low consumption premises and therefore a quantum change in consumption was more likely to be impacted by the lower threshold. The upper threshold also contributed to leak detection which would be diminished if it was increased excessively.
 - The Committee queried why it was proposed to validate monthly meter reads using only four historical reads. Four reads had been selected as additional reads

would add complexity for little additional benefit. Once a new read was validated, it could then be used to validate the next read and hence seasonal variations or change of use might be accepted without requiring a full year of reads.

- 7.3 The Committee considered the Post Implementation Review plan and agreed that it would contribute to the scoping of the review with the Metering Committee.

ACTION CC01_07

- 7.4 The Metering Committee would also consider how current performance needed to be captured to establish a quantitative baseline for comparison as part of the PIR process. UH offered to liaise with MOSL to explore the most effective approaching to establishing this baseline.

ACTION CC01_08

- 7.5 The Chair of the Metering Committee confirmed the Metering committee also intended to consult its membership on whether the change had delivered the intended impact.

- 7.6 The Chair summarised the benefits of CPPW128.

- 7.7 The Code Change Committee:

- **AGREED** (unanimous) to recommend CPW128 to Ofwat for approval.
- **AGREED** (unanimous) the recommended implementation date of:
 - 2 December 2022 if Ofwat approval was received by 1 June 2022; or
 - 12 May 2023 if Ofwat approval was received by 17 November 2022.
- **CONFIRMED** support for a Post Implementation Review to be undertaken and for the results to be shared with the Code Change Committee in early 2024.

8. CPW129 – Review of Post RF Materiality Threshold (Request to Delay)

- 8.1 The Code Change Committee considered a request to delay the draft recommendation report for CPW129 '[Review of Post RF Materiality Threshold](#)' to June 2022. The change proposal sought to review and amend the materiality threshold for raising Post RF settlement runs, as the threshold was considered to be inappropriately high and therefore causing significant issues related to customer billing.

- 8.2 The Code Change Committee:

- **AGREED** (unanimous) to delay the draft recommendation report to June 2022

9. CPW106 – Management of Long Term Vacants (Withdrawal)

- 9.1 The Code Change Committee considered a request to withdraw CPW106 '[Management of Long Term Vacants](#)' from the change process. The change proposal sought to

recognise long-term vacant Supply Points as a defined group and introduce a more efficient way of managing them.

- 9.2 Whilst the issue remained unresolved, the Proposer considered that focus should be shifted to understanding responsibilities and the impact of checking and maintaining premises in market data.
- 9.3 The issue would be explored with the Market Performance Committee in April to see if a short or long-term solution could be identified.
- 9.4 Ofwat had recently closed their consultation on Eligibility Guidance and was reviewing the price and non-price protections in the Retail Exit Code. Given that the drivers of the issue could change in light of these reviews, the Proposer wished to withdraw the change proposal.
- 9.5 The Code Change Committee:
- **AGREED** (unanimous) the rationale provided for the withdrawal of CPW106
 - **AGREED** (unanimous) to suspend CPW106
 - **AGREED** (unanimous) that if no Trading Party wished to become the Proposer of the change proposal that it should be withdrawn.
- The Code Change Committee discussed how the change proposals approved at the meeting could be prioritised by Ofwat:
 - CPW070d should be prioritised to allow the next phase of the Bilaterals Hub to be implemented in May 2022.
 - The Committee were undecided on the relative priorities of CPW085, CPW130 and CPW120, but agreed that CPW120 and CPW130 should be considered together as they share a common solution.
 - CPW128 was considered lowest priority.

10.AOB

- 10.1 DM offered teach-in sessions delivered by Ofwat to assist with Code Change Committee knowledge development e.g. State of the Market, Price Review 24.

ACTION CC01_09

CLOSED SESSION

11.Appointment of CPM046 Sub-Group Member

- 11.1 The Code Change Committee considered a nominee for the CPM046 '[Approved Codes of Practice](#)' Sub-Group Retailer member vacancy.
- 11.2 The Code Change Committee:

- **AGREED** (unanimous) to appoint Brianne Kearney (Everflow) as the Retailer member for the CPM046 sub-group.

12. Committee Reflections

12.1 The committee reflected on the meeting.

12.1. There being no further business, the Chair closed the meeting.