

# User Forum

*21 March 2019*

# Agenda

1	Welcome House Keeping	Steve Arthur	10:00
2	MPOP Update	Mark Crowley / Steve Arthur	10:05 -10:45
3	Water Interruption Event – Lessons learned	Don Maher	10:45 – 11:15
	Break		11:15 – 11:30
4	Vacancies a Wholesalers view including Vacancy Incentives	Matt Rix Paul Stelfox	11:30 – 12:00
5	Draft Change Proposal for Vacancies	David Seymour	12:00 -12:20
6	Occupier Identification	Chris Dawson	12:30 – 12:50
	Lunch		
7	RWG Insight on Vacancies	Andrew Bamber	13:20 – 14:00
8	Break out sessions on Vacancies	Mark Crowley	14:00 – 15:30
9	AOB Wrap up and Close	Steve Arthur	15:30 – 15;45

# Welcome and housekeeping

*Steve Arthur*

# MPOP Update

*Mark Crowley/Steve Arthur*

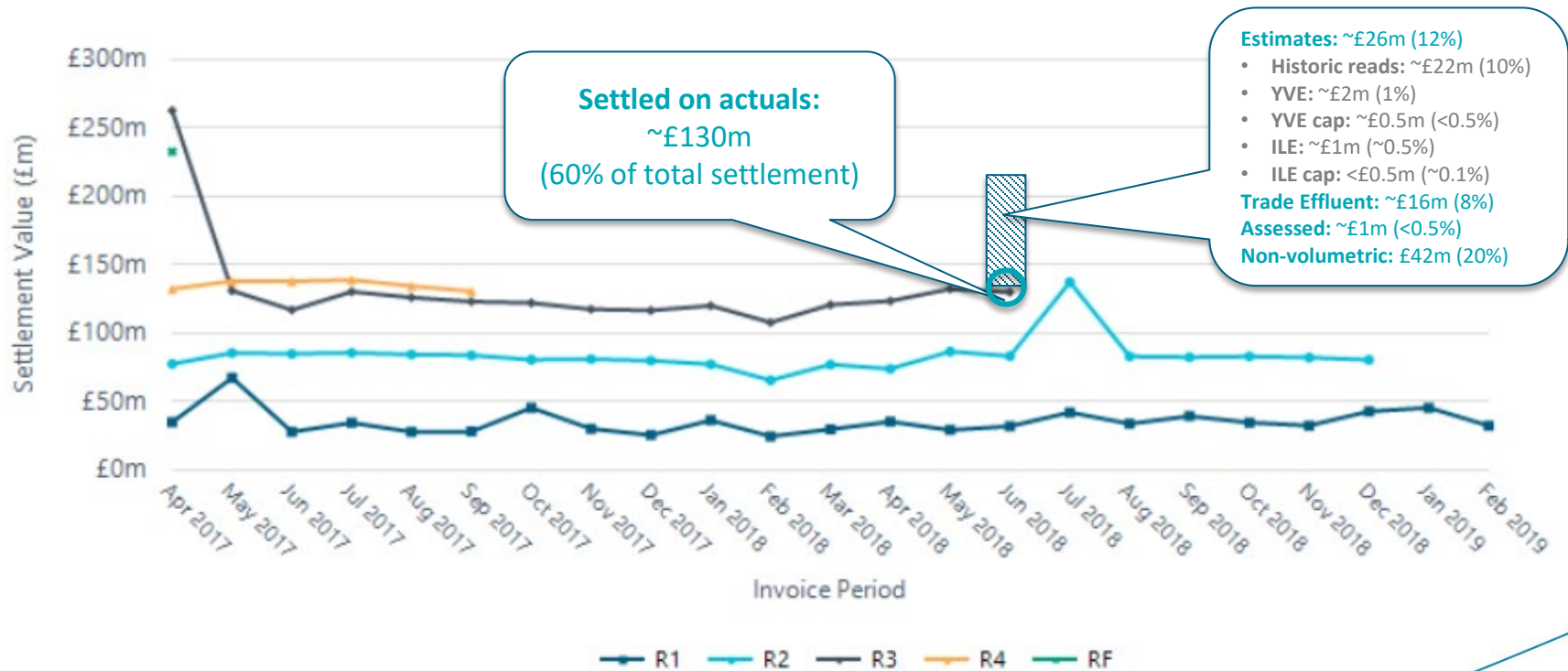
## Overview

- ◆ Update on in-flight activities – data improvement plans
- ◆ Forward planning for 2019/20
- ◆ Updates on emerging areas of focus
  - Vacant premises
  - Access to data

# Key dashboard charts

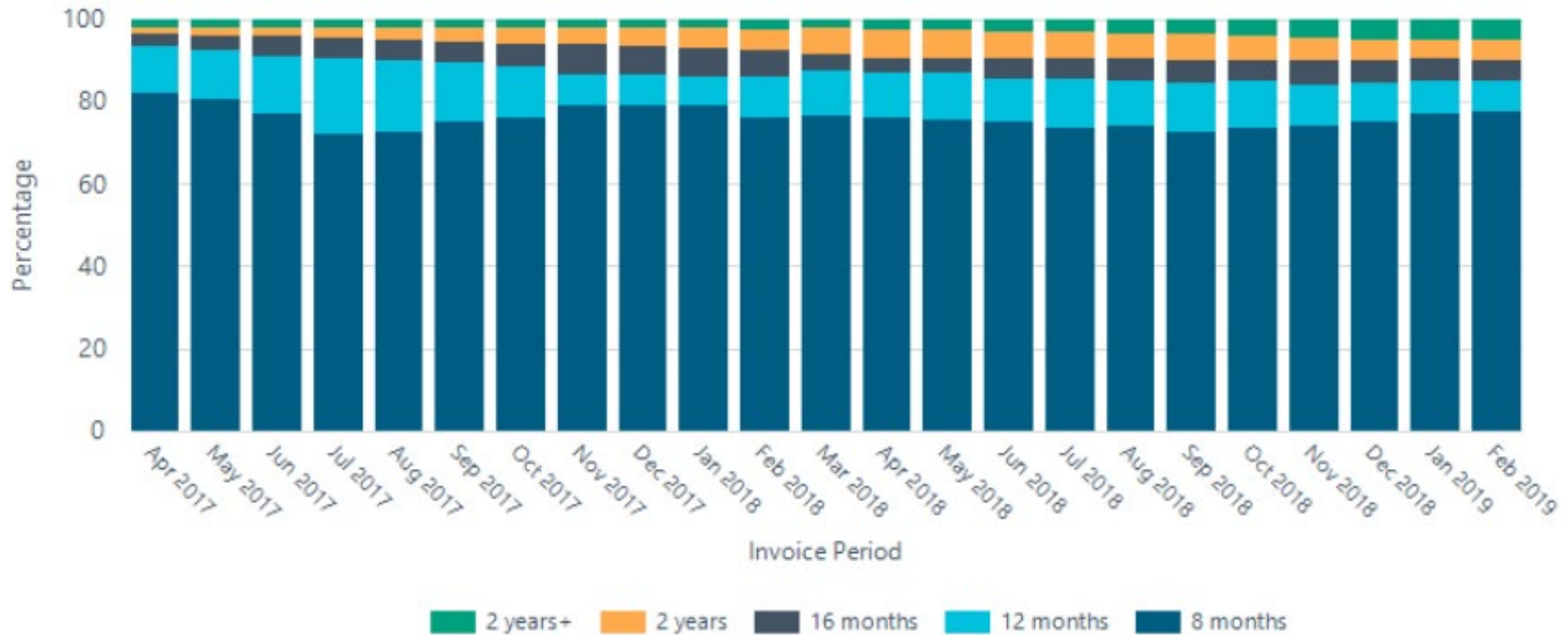
## Value of settlement based on actual meter reads

**Settlement as per D1 values (prior to any corrective settlement runs)**



# Key dashboard charts

## Age of last meter read



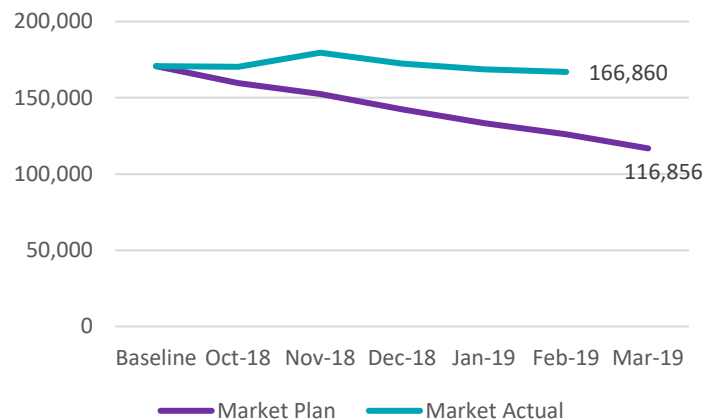
**< 12 months: 85.2%** (vs 85.1% previous month)    **12 – 24 months: 10.0%** (vs 10.1% previous month)    **>24 months 4.8%** (vs 4.9% previous month)

# Actual consumption data

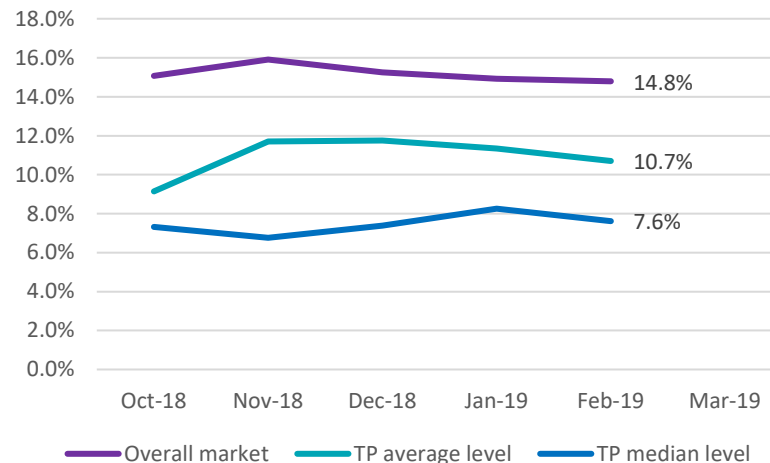
## Meters not read within the past 12 months

	Baseline	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
<b>Market Plan</b>	170,629	159,676	152,445	142,355	133,426	125,994	116,856
<b>Market Actual</b>	170,629	170,223	179,596	172,327	168,595	166,860	

Number of meters not read in 12 months



% of meters not read in 12 months

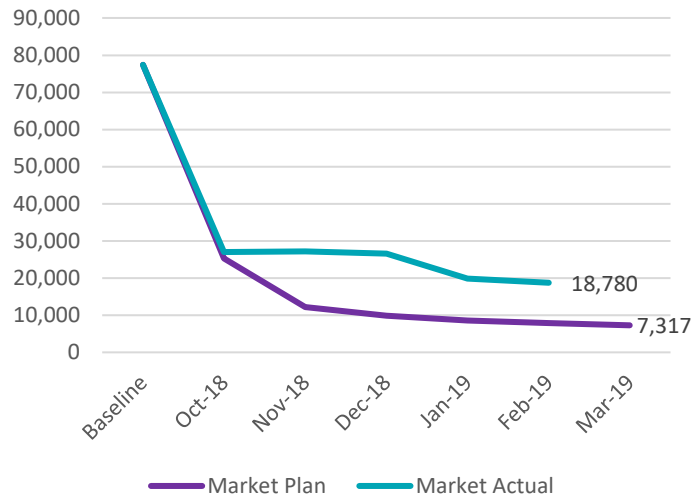


- The data source for the charts is the D1 Disaggregated Settlement report (“D1”) for the relevant month
- The data includes all market meters as per the D1, excluding meters for premises flagged as VACANT in CMOS
- The data excludes any meter read submitted with the read method as ESTIMATED, in order to ensure that the focus is on taking and submitting actual reads. Read method types VISUAL, CUSTOMER and REMOTE are included, including where these are Initial or Transfer reads.

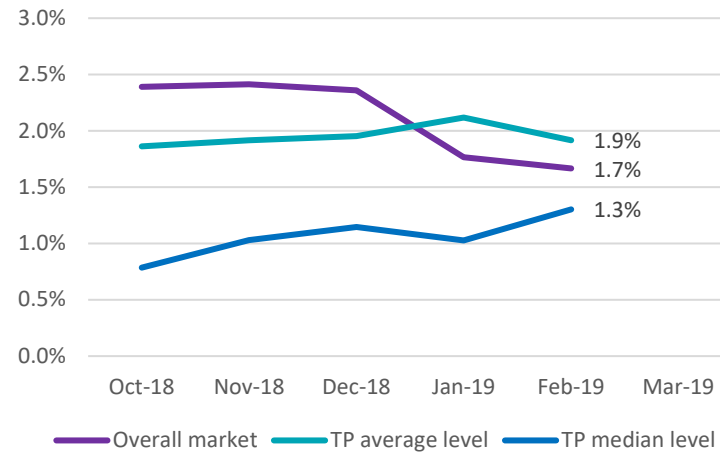
# Estimated consumption data YVE 0 and 1s

	Baseline	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
<b>Market Plan</b>	77,442	25,276	12,243	9,870	8,622	7,923	7,317
<b>Market Actual</b>	77,442	27,007	27,227	26,636	19,914	18,780	

Number of meters with YVE 0 or 1



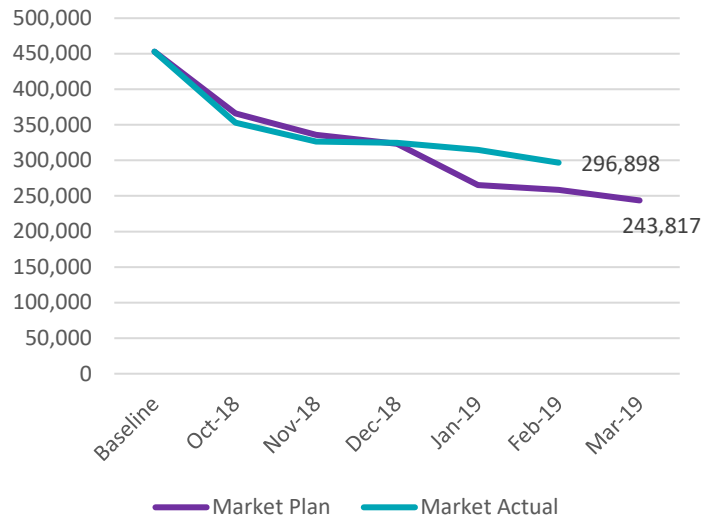
% of meters with YVE 0 or 1  
(retailers with >1000 meters)



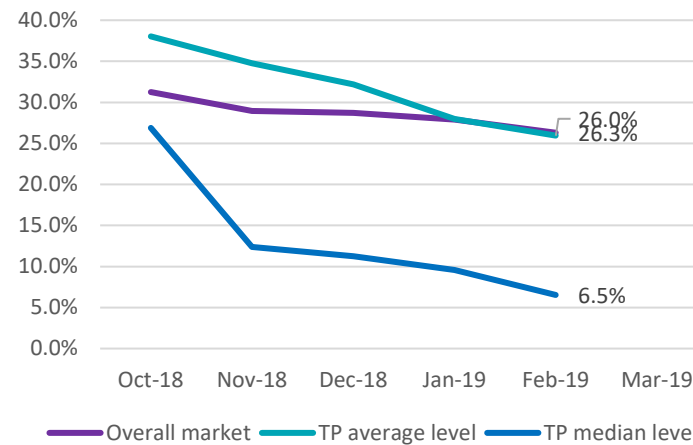
# Estimated consumption data NULL YVEs

	Baseline	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
<b>Market Plan</b>	452,771	366,149	335,780	323,380	265,403	258,539	243,817
<b>Market Actual</b>	452,771	352,878	326,568	324,498	314,822	296,898	

Number of meters with NULL YVE

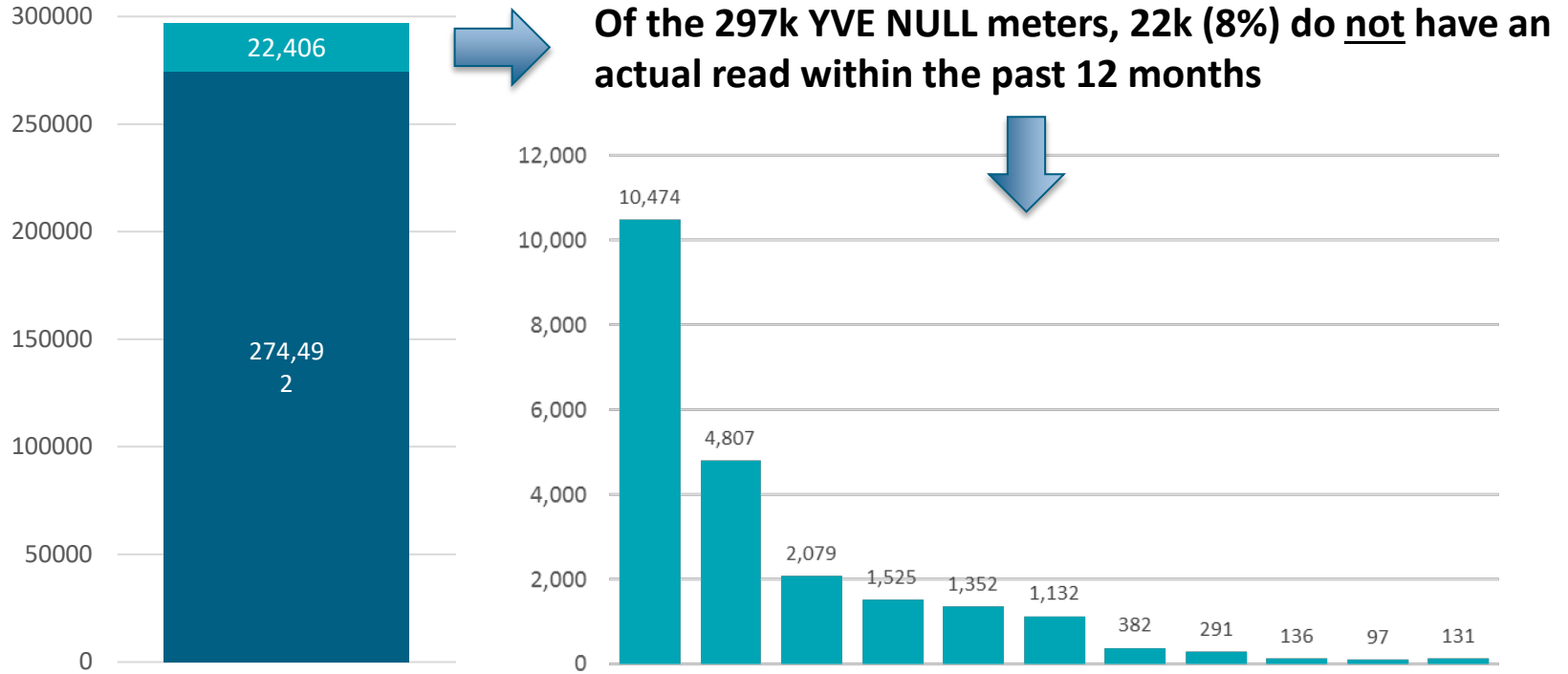


% of meters with NULL YVE  
(inc. retailers with >1000 meters)



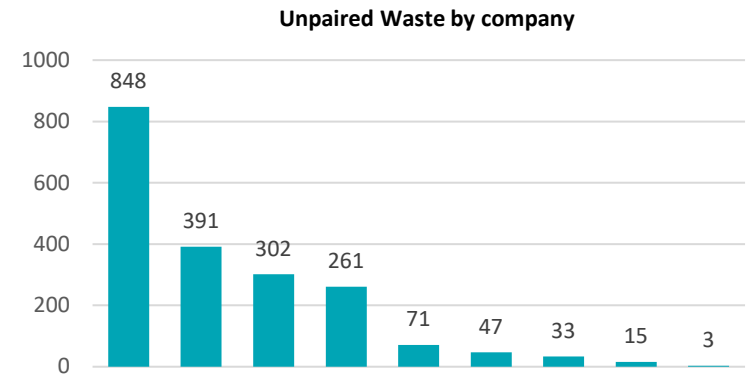
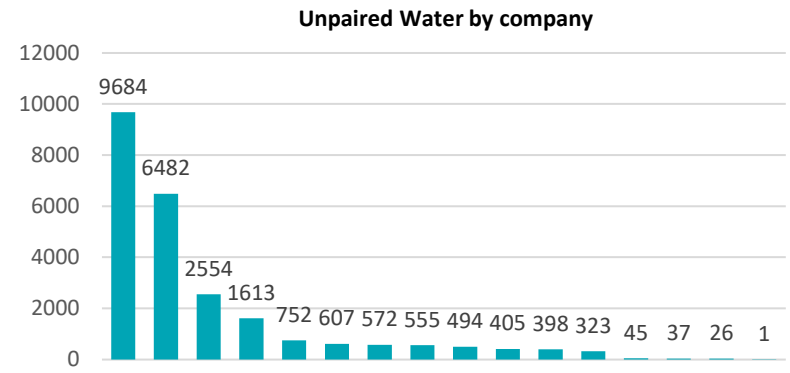
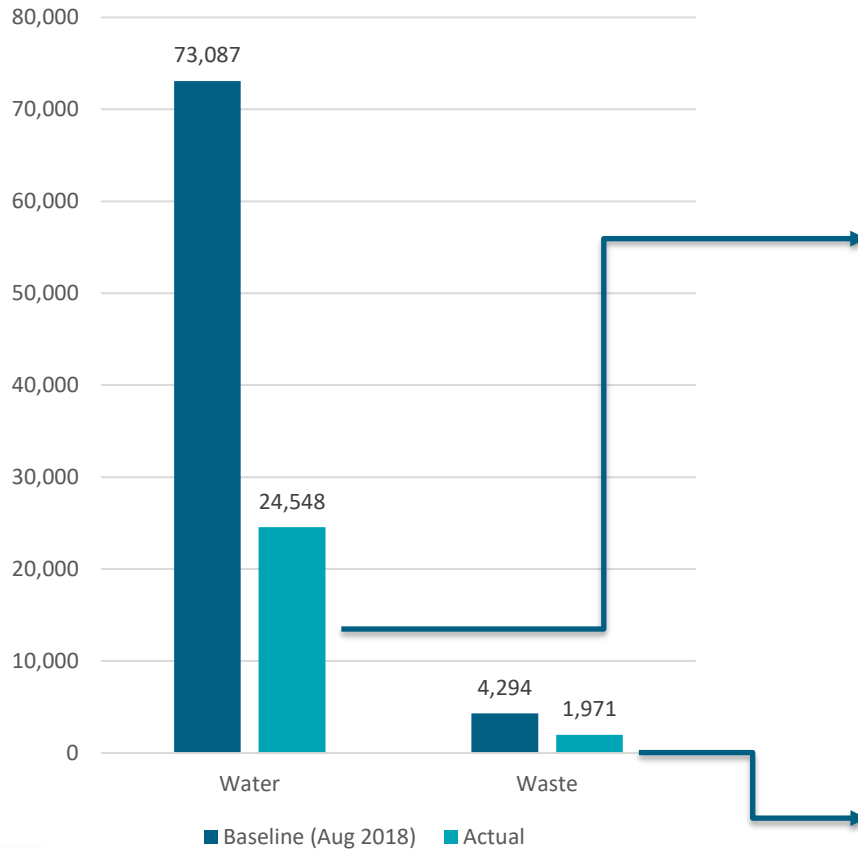
# Estimated consumption data

## NULL YVEs – read-across to long unread meters



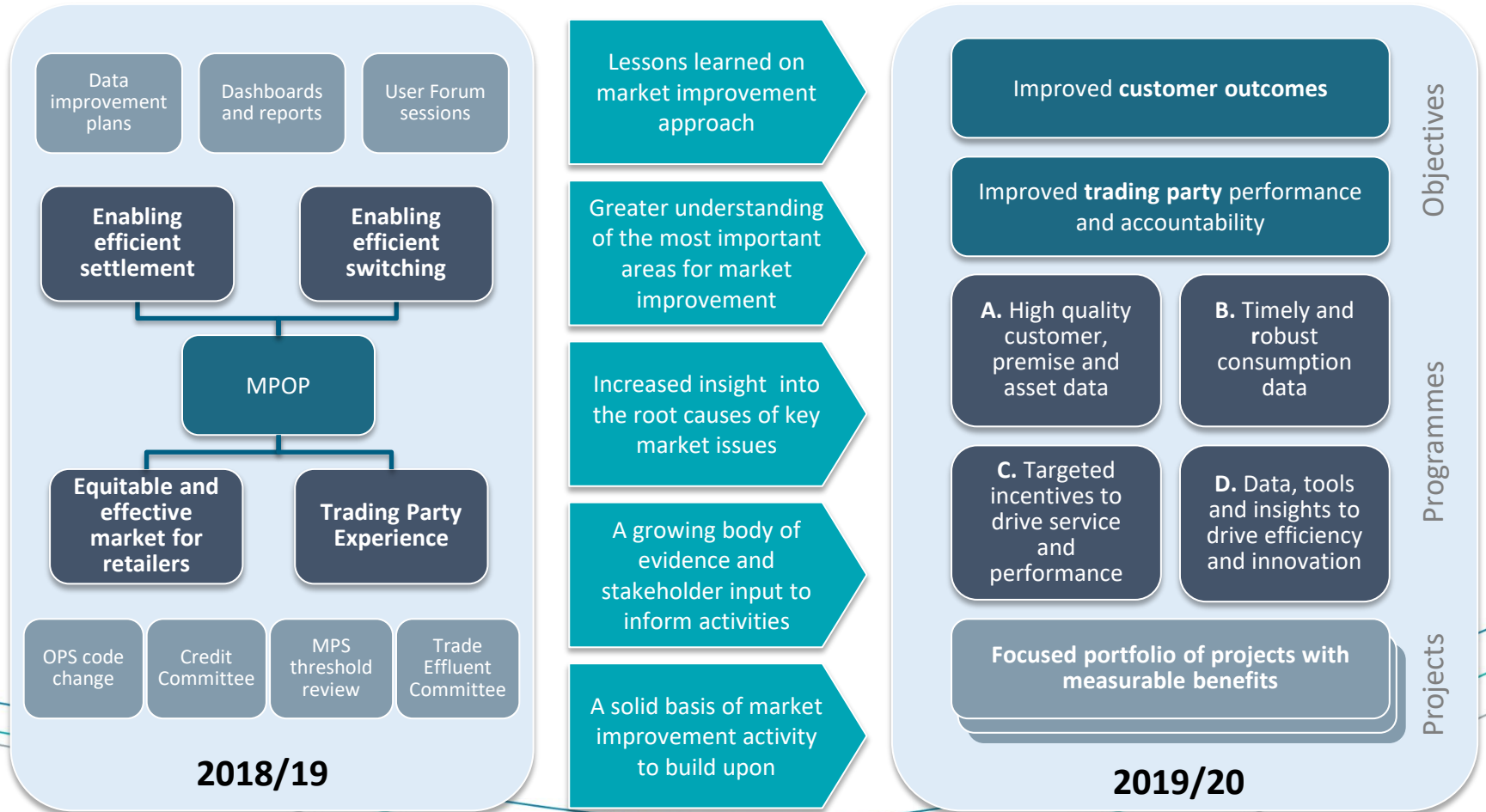
# Unpaired SPIDs

## Number of 'incorrectly unpaired' supply points

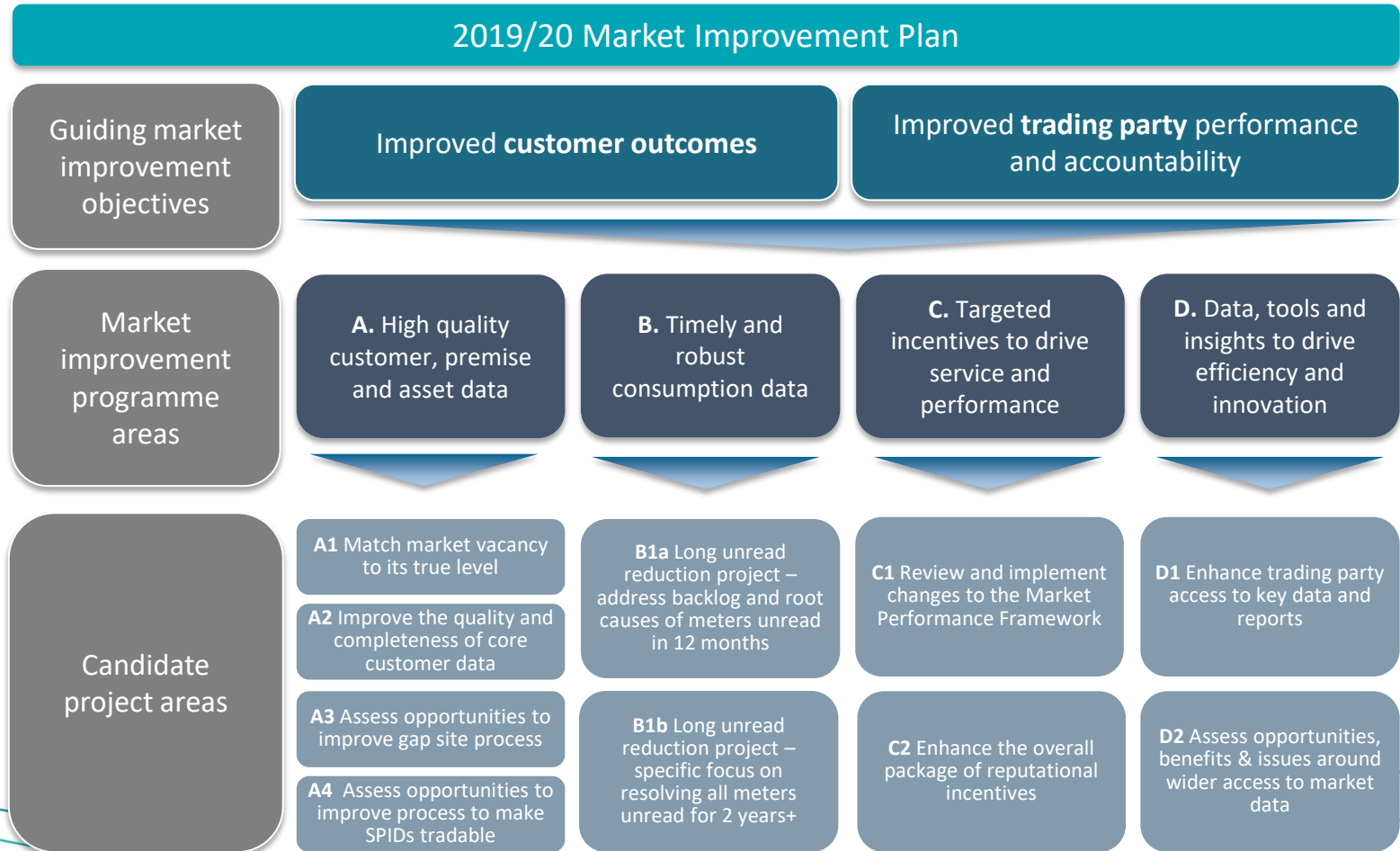


# Forward planning for 2019/20

## An evolving approach to market improvement



# Forward planning for 2019/20



## Forward planning for 2019/20

- 💧 Consultation issued on Monday 11th March to contract managers
- 💧 Deadline for responses is Thursday 28th March
- 💧 Please respond using the online form
- 💧 If you have any questions or issues completing your response, please contact [Market.Performance@MOSL.co.uk](mailto:Market.Performance@MOSL.co.uk)



# Central reporting on vacant premises

Improved customer outcomes		Improved trading party performance and accountability	
A. High quality customer, premise and asset data	B. Timely and robust competition data	C. Targeted insights on trading service and performance	D. Data, fees and charges to drive efficiency and innovation
A1 Match market vacancy to the trader	B1 Data completeness and timeliness	C1 Focus on the quality of data and insights	D1 Enhance trading party efficiency and innovation
A2 Improve data quality and accuracy	B2 Improve data timeliness	C2 Enhance the quality of data and insights	D2 Enhance trading party efficiency and innovation
A3 Improve data accuracy	B3 Improve data timeliness	C3 Enhance the quality of data and insights	D3 Enhance trading party efficiency and innovation



Vacancy to remain a key focus area in 2019/20, building on the work that has commenced this quarter

- ◆ **Last month** data presented on key vacancy trends e.g. change since market opening, differences in vacancy levels at measured vs unmeasured premises
- ◆ **This month** presentations from multiple trading parties, additional data presented by MOSL and working group sessions
- ◆ **Moving into 19/20**, identification and initiation of specific projects to improve how vacancy is managed in the market

# Enhancing access to key data and reports



- Intention to assess opportunities and priorities for how trading party access to key data and reports can be enhanced
- Also seeking to progress some early 'quick wins' in this area, for example to support identification of potentially incorrect reads

*In development – access via the Portal to data on submitted reads with unexpected volume variances*

Unexpected Meter Read Volume Variances

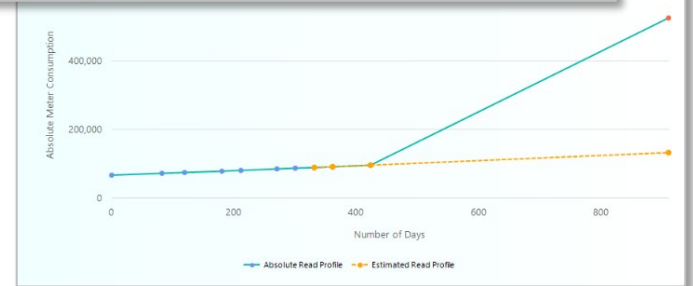
Meter Manufacturer	Meter Serial Number	Daily Cons	Previous Read Date	Previous Read	Current Read Date	Current Read	Estimated Read	Variance
Sensus_Meters_Iperl		0.00	01/05/17	2	15/03/18	998,298	3	998,295
Sensus_Meters_Iperl		9.58	01/05/17	1,917	27/04/18	998,644	5,368	993,276
Sensus_Meters_Melwin_Mn_8_Byp		64.28	01/11/17	72,487	28/02/19	1,026	103,536	897,490
Sensus_Meters_Meistream		75.30	28/09/17	96,443	29/01/19	525,539	133,154	392,385
BYPASS_(With_MN)		58.96	13/02/19	99,024	13/03/19	485	612	100,127
Elster		51.96	18/04/18	94,578	26/10/18	4,395	4,443	100,048
Actaris_Meters_Aquadis_+		0.00	01/05/17	5	19/11/18	99,918	5	99,913
Elster_Meters_V100		33.06	15/08/18	99,484	30/08/18	24	99,912	99,888
Sensus_Meters_620C		0.75	01/05/17	338	24/12/18	99,660	794	96,866
Sensus_Meters_620C		0.22	01/05/17	339	17/05/18	99,286	423	98,863
Kent_Meters_MSM_Conc.		0.03	01/05/17	1,091	14/06/18	99,083	1,104	97,979

Current Meter Read

Submitted	Meter Read Date	Absolute Read	Days Offset	Read Type	Meter Read Method	Re-read	Rollover Indicator	Rollover Outcome
15/03/2019	29/01/2019	525,539	910	C	CUSTOMER	1	0	No Rollover

Historic Meter Reads

Submitted	Meter Read Date	Absolute Read	Days Offset	Read Type	Meter Read Method	Re-read	Rollover Indicator	Rollover Outcome	Read Excluded
28/09/2016	01/08/2016	67,404	0	P	CUSTOMER	0	0		0
29/11/2016	22/10/2016	72,867	82	C	VISUAL	0	0	No Rollover	0
11/01/2017	28/11/2016	75,148	119	C	VISUAL	0	0	No Rollover	0
16/02/2017	28/01/2017	78,909	180	C	VISUAL	0	0	No Rollover	0
16/03/2017	28/02/2017	81,260	211	C	VISUAL	0	0	No Rollover	0
27/05/2017	28/04/2017	85,644	270	C	CUSTOMER	0	0	No Rollover	0
12/07/2017	28/05/2017	87,732	300	C	CUSTOMER	0	0	No Rollover	0
12/07/2017	28/06/2017	89,476	331	C	CUSTOMER	0	0	No Rollover	0
08/08/2017	28/07/2017	91,921	361	C	CUSTOMER	0	0	No Rollover	0
22/03/2018	28/09/2017	96,443	423	C	VISUAL	0	0	No Rollover	0



# Water Interruption Event – lessons learned

*Don Maher*

<https://spark.adobe.com/page/VU8yTo2IH3ogU/>

Break

*11:15 – 11:30*

# Vacancies Wholesalers views including Vacancy incentives

*Matt Rix*

*Paul Stelfox*

## Ofwat's focus on Vacancy incentives

### What do Ofwat expect from wholesalers?

- ◆ **Nov 2017** – Ofwat write to wholesalers to say that, in order to...  
*“help improve affordability and fairness of charges [they are]... considering whether we should require water companies to come forward with bespoke performance commitments for gap sites and voids [to]... cover both the residential and business market”*
- ◆ **Dec 2017** – Ofwat publish their PR19 Methodology Statement which asks Wholesalers to...  
*“consider providing a financial incentive to retailers in the business market to identify gap sites and occupied voids”*
- ◆ **Jan 2019** – Ofwat publish their initial assessment of business plans responding positively where companies had included in their plans the introduction of vacancy and gap site incentive schemes for 2020 and beyond

## Wholesaler's are keen for a workable solution

- ◆ Some wholesalers have now committed to introducing / are actively looking to develop incentive schemes for April 2020
- ◆ Discussions between a number of wholesalers have highlighted that for any incentive schemes to work effectively in the market
- ◆ Practicable and efficient vacancy challenge processes that provide simplicity for retailers and wholesalers
- ◆ Standard industry incentive scheme which provides consistency and associated administrative efficiency
- ◆ Scheme structured in a way which drive positive behaviours to support market data improvement and minimise conflict/disputes
- ◆ To learn from the Scottish schemes and avoid the pain that the early schemes created
- ◆ Please note, this does not include discussion or agreement of incentive rates. Decisions about whether to offer an incentive scheme and what rates would be payable is at the wholesaler's discretion.

## How do we move this forward?

### Proposed approach and critical path

- 💧 Create a dedicated Retailer and Wholesaler Working Group with MOSL providing facilitation and secretary support
- 💧 Objective is to take the various proposed approaches and the current Scottish scheme and seek to develop a standard vacancy challenge process and incentive scheme mechanisms
- 💧 Take the proposal through consultation with all trading parties
- 💧 Panel approval for any code changes at [PANEL DATE CRITICAL FOR CMOS 9 TBC] Codes Panel
- 💧 Any code systems changes delivered prior to/as part of CMOS 8.

## Contents

- ◆ What is the problem we are trying to solve?
- ◆ What evidence is there in Yorkshire?
- ◆ What might be causing the problem?
- ◆ Solution options



## Vacant premises were a challenge before the NHH market

- ◆ The issue at the heart of managing vacant premises is optimising the cost of managing them vs the benefits from increased revenue and debt collection
- ◆ In PR14 the incentive in England and Wales reduced as company revenues were fixed, however there was still some incentive to keep customer bills low and it remained a licence requirement
- ◆ Pre-market most companies conducted some proactive vacant premises activity, e.g. void inspectors
- ◆ Vacancy rates have been previously impacted on by economic trends
- ◆ Vacancy rates have traditionally been higher in the North than the South due to demographic factors

## New challenges

- ◆ Since the NHH retail market was established, the number of vacant premises has grown
- ◆ Previously MOSL provided a market summary report which showed vacant premises increasing
- ◆ No market report has been published for some time
- ◆ Individual wholesalers are doing their own reporting and feeding back that vacancy rates are increasing
- ◆ But currently there is not a central view of this
- ◆ There is limited understanding of why the number of vacant premises is increasing and what should be done about it

## The PR19 challenge from Ofwat

Ofwat write to wholesalers to say that, in order to...

*“help improve affordability and fairness of charges [they are]... considering whether we should require water companies to come forward with bespoke performance commitments for gap sites and voids [to]... cover both the residential and business market”*

- ◆ No consensus amongst wholesalers whether incentives are an effective way of manage vacant premises – it was tried in the Scottish Market but later abandoned.

## What is the experience in Yorkshire?

YWS SPID Cores Aug 2018	April 2017 R4	August 2018 R2	Variance No	Variance %
Measured vacant	14,723	16,173	1,450	10%
Unmeasured vacant	5,771	6,788	1,017	18%
TOTAL vacant	20,494	22,961	2,467	12%
SPID Cores*	145,904	145,904	145,904	-
Vacant %	14%	16%		2%

- ◆ Increase in vacant premises of 12%, 2,467 premises
- ◆ Unmeasured has deteriorated at a faster rate than measured
- ◆ If we assume £600 revenue lost for each of these premise
- ◆ £1.5m in lost wholesale revenue!
- ◆ Spread across the customer base this is an extra £10 for each customer

## How do charge types compare?

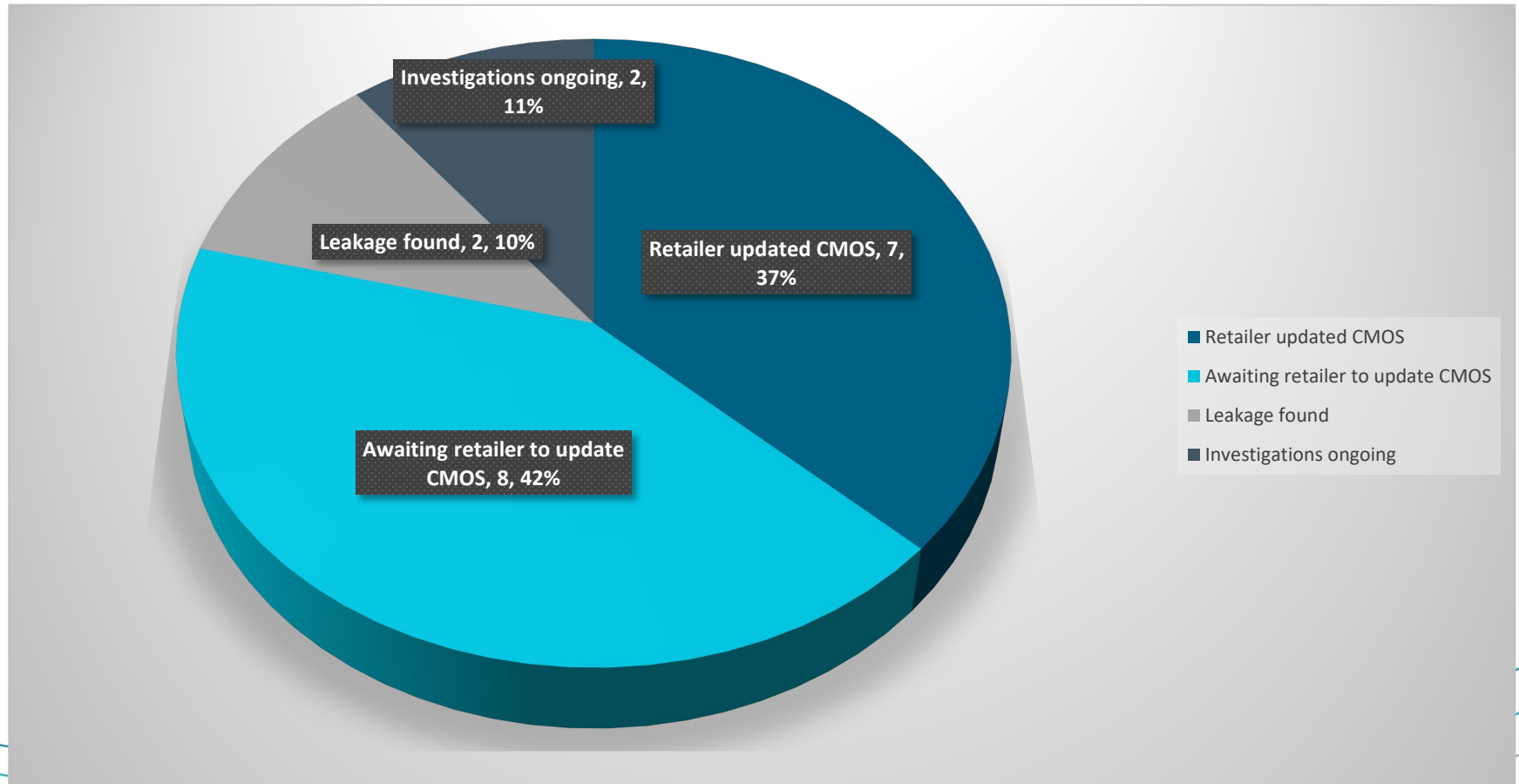
YWS SPID Cores Aug 2018	Measured	Unmeasured	Total
Occupied	110,232	12,711	122,943
Vacant	16,173	6,788	22,961
<b>TOTAL</b>	<b>126,405</b>	<b>19,499</b>	<b>145,904</b>
Vacant %	13%	35%	16%

- ◆ Unmeasured vacant premises double that of measured
- ◆ Measured – we can use consumption data to prioritise
- ◆ Unmeasured – we can look at the highest RV to prioritise
- ◆ No consumption information for unmeasured...

## Reviewing consumption on vacant properties

- ◆ For measured vacant accounts, consumption can be monitored by reading the meter
- ◆ 16,173 vacant measured premises
- ◆ 3,474 are long unread
- ◆ 12,699 have been read recently where consumption may be reviewed
- ◆ 2,600 currently have consumption recorded against them
- ◆ We then conducted a pilot which investigated a sample of consumption on vacant premises

## Results of the review



## What might have caused vacant premises to increase?

There are three factors we believe are relevant

1. The new market framework
2. System and data challenges
3. Changes in the economy

# 1. The effect of the new market framework

- ◆ Retailers are responsible for the vacancy/occupancy flag
- ◆ When a premises is vacant, wholesale consumption charges often do not apply
- ◆ Retailers manage the customer debt – to manage profitability it is natural that they will not want to incur wholesale charges unless they are confident that they can collect the cash
- ◆ Wholesalers are not concerned about the retailer debt – they are concerned that a premises may be receiving water free of charge which is not fair to other customers and may adversely impact on leakage reporting
- ◆ This tension puts the onus on the wholesaler to challenge vacancy / occupation with the retailer
- ◆ This challenge process is underway in many wholesale areas but it is unclear how well it is working

## 2. System and data challenges

- ◆ Through the Settlement Dashboard MOSL have prioritised meter reading activity
- ◆ Vacant premises has previously been notable by its absence in the MPOP
- ◆ Trading Parties are not being held to account through the MPOP
- ◆ There is a lack of quality reporting
- ◆ It is unclear what the impact is on Settlement, but in some wholesale areas the impact may be greater than for YVEs or Long Unread Meters

### 3. Changes to the economy

- ◆ There are a number of changes occurring to the economy brought about by deindustrialisation, changes to consumer behaviour, changes to business rates, Brexit and online retail
- ◆ The effects of this will vary considerably from area to area
- ◆ Historically there was a significant reduction in the number of pubs and clubs and Yorkshire Water regularly reported on this – it did have a significant impact on revenue
- ◆ Currently there is no market reporting in place to understand economic impacts



## Options for Solutions


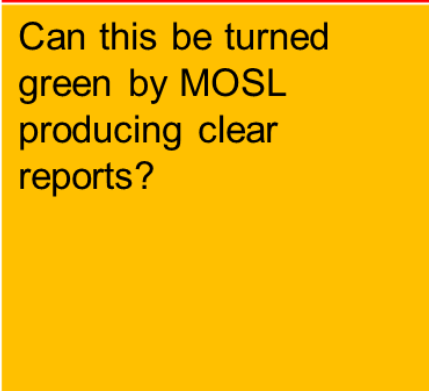
- ◆ Having considered how the problem can be broken down, some solutions can be considered for each problem in turn.
- ◆ The following consider the pros and cons and a Red, Amber, Green (RAG) assessment is suggested.



# 1. The effect of the new market framework

Solution	Pros	Cons	RAG score
Maximise use of the existing market framework – passive	<ul style="list-style-type: none"> <li>No code change required</li> </ul>	<ul style="list-style-type: none"> <li>Evidence from Scotland that this approach won't work</li> <li>Market friction caused by multiple approaches</li> </ul>	
Maximise use of the existing market framework - proactive	<ul style="list-style-type: none"> <li>No code change required</li> <li>Likely to enhance current performance</li> <li>Opportunity to innovate</li> </ul>	<ul style="list-style-type: none"> <li>Evidence from Scotland that this approach may not work</li> <li>Market friction caused by multiple approaches</li> </ul>	
Change the market framework (lite version)	<ul style="list-style-type: none"> <li>Likely to enhance current performance</li> <li>Opportunity to innovate</li> <li>More likely to be supported by all TPs</li> </ul>	<ul style="list-style-type: none"> <li>Small code change required</li> <li>May not have the desired effect</li> </ul>	
Change the market framework (full-fat version)	<ul style="list-style-type: none"> <li>Likely to enhance current performance</li> <li>Opportunity to innovate</li> </ul>	<ul style="list-style-type: none"> <li>Large code change required</li> <li>Likely to be contentious and may cause market friction</li> <li>May not have the desired effect</li> </ul>	

## 2. System and data challenges

Solution	Pros	Cons	RAG score
Continue as is	<ul style="list-style-type: none"> <li>Lets TPs focus on meter reading</li> </ul>	<ul style="list-style-type: none"> <li>Does not hold TPs to account</li> <li>Lack of understanding of the vacancy issue</li> <li>Performance likely to deteriorate</li> </ul>	
Use the MPOP to prioritise vacancy management	<ul style="list-style-type: none"> <li>Likely to enhance current performance</li> <li>Will support greater understanding</li> <li>Holds retailers to account</li> </ul>	<ul style="list-style-type: none"> <li>No measures available to hold retailers to account</li> <li>May dilute retailer focus on meter reading</li> </ul>	 <p>Can this be turned green by MOSL producing clear reports?</p>

### 3. Changes to the economy

Solution	Pros	Cons	RAG score
Do nothing	<ul style="list-style-type: none"> <li>Lets retailers focus on meter reading</li> </ul>	<ul style="list-style-type: none"> <li>Economic factors perceived as a market issue</li> <li>Impact to wholesale revenue forecasting</li> </ul>	
Wholesalers economic monitoring	<ul style="list-style-type: none"> <li>Aligns with wholesale forecasting responsibility</li> <li>Able to see all wholesale premises</li> </ul>	<ul style="list-style-type: none"> <li>Not as close to customer data</li> <li>Cannot see all market data</li> </ul>	
Retailers economic monitoring	<ul style="list-style-type: none"> <li>Closer to customer data</li> </ul>	<ul style="list-style-type: none"> <li>No obligation to monitor economic changes</li> <li>Cannot see all market data</li> <li>Cannot see all wholesale premises?</li> </ul>	
Market monitoring of changes	<ul style="list-style-type: none"> <li>Able to see all premises</li> <li>Able to work with TPs to provide insight</li> </ul>	<ul style="list-style-type: none"> <li>Not as close to customer data</li> </ul>	

## Recommendations split by TP type

Who	1 Market framework	2 Systems and data	3 Economy
Wholesalers	<ul style="list-style-type: none"> <li>Maximise vacancy performance using existing market processes</li> <li>Build a business case for a market solution.</li> <li>Work with other TPs on future market solution</li> </ul>		<ul style="list-style-type: none"> <li>Monitor vacant premises by M1-M9 customer types</li> <li>Share data with other wholesalers</li> </ul>
Retailers	<ul style="list-style-type: none"> <li>Work with other TPs on future market solution</li> </ul>	<ul style="list-style-type: none"> <li>Include vacant premises in data priorities</li> <li>Optimise management of vacancy data</li> </ul>	
Market Operator	<ul style="list-style-type: none"> <li>Work with other TPs on future market solution</li> </ul>	<ul style="list-style-type: none"> <li>Establish vacancy reporting</li> <li>Add vacancy to retailer settlement dashboard</li> <li>Incorporate vacancy data into MPOP</li> </ul>	<ul style="list-style-type: none"> <li>Monitor vacant premises by M1-M9 customer types</li> </ul>

## Options for a market solution

Solution	Pros	Cons	RAG score
Enhance existing vacancy challenge process	<ul style="list-style-type: none"> <li>No system change</li> <li>Simple code change</li> </ul>	<ul style="list-style-type: none"> <li>May cause market friction</li> </ul>	Yellow
National vacancy incentive scheme – wholesale funded (similar to that previously used in Scotland)	<ul style="list-style-type: none"> <li>Shown to work</li> <li>Simple for retailers</li> </ul>	<ul style="list-style-type: none"> <li>System change required or administration impact on wholesalers</li> <li>Funding impact for wholesalers</li> <li>Code change required for disputes</li> </ul>	Yellow
National vacancy incentive scheme – MPS funded	<ul style="list-style-type: none"> <li>No funding impact for wholesalers</li> <li>Simple for retailers</li> </ul>	<ul style="list-style-type: none"> <li>System change required or administration impact on wholesalers</li> <li>Code change required for disputes and funding</li> </ul>	Yellow
Legislative change to allow charging on vacant premises (as per currently in Scotland)	<ul style="list-style-type: none"> <li>Simple for wholesalers to manage</li> </ul>	<ul style="list-style-type: none"> <li>Ofwat may not support</li> <li>Debt impact on retailers</li> </ul>	Red

## Summary

- ◆ Vacant properties have always been a challenge to manage
- ◆ Ofwat have challenged companies in PR19
- ◆ There are indications that the number of vacant properties is increasing
- ◆ There are three likely factors causing this, the market framework itself, systems and data and changes in the economy
- ◆ The issue and potential solutions are complex
- ◆ For an optimal market outcome we need.....

# Innovation and collaboration!

# Draft Change Proposals for Vacancies

*David Seymour*

# Background

- Market wide there has been a significant increase in the total number of vacant properties since market opening in April 2017, the tables below shows this increase at a SPID level from January 2018

Asset	Attribute	Count-JAN-18	Count-FEB	Count-MAR	Count-APR	Count-MAY	Count-JUN	Count-JUL	COUNT-AUG	COUNT-SEPT	COUNT-JAN-19
SPID	VACANCY-WTR	169,356	173,068	176,408	178,457	182,338	188,504	194,560	195,522	198,629	209,855
SPID	VACANCY-SWR	192,746	195,817	199,174	201,764	204,995	211,621	216,698	217,404	220,062	229,822

Figures provided by MOSL

- Feedback we have received from other Wholesalers shows similar trends

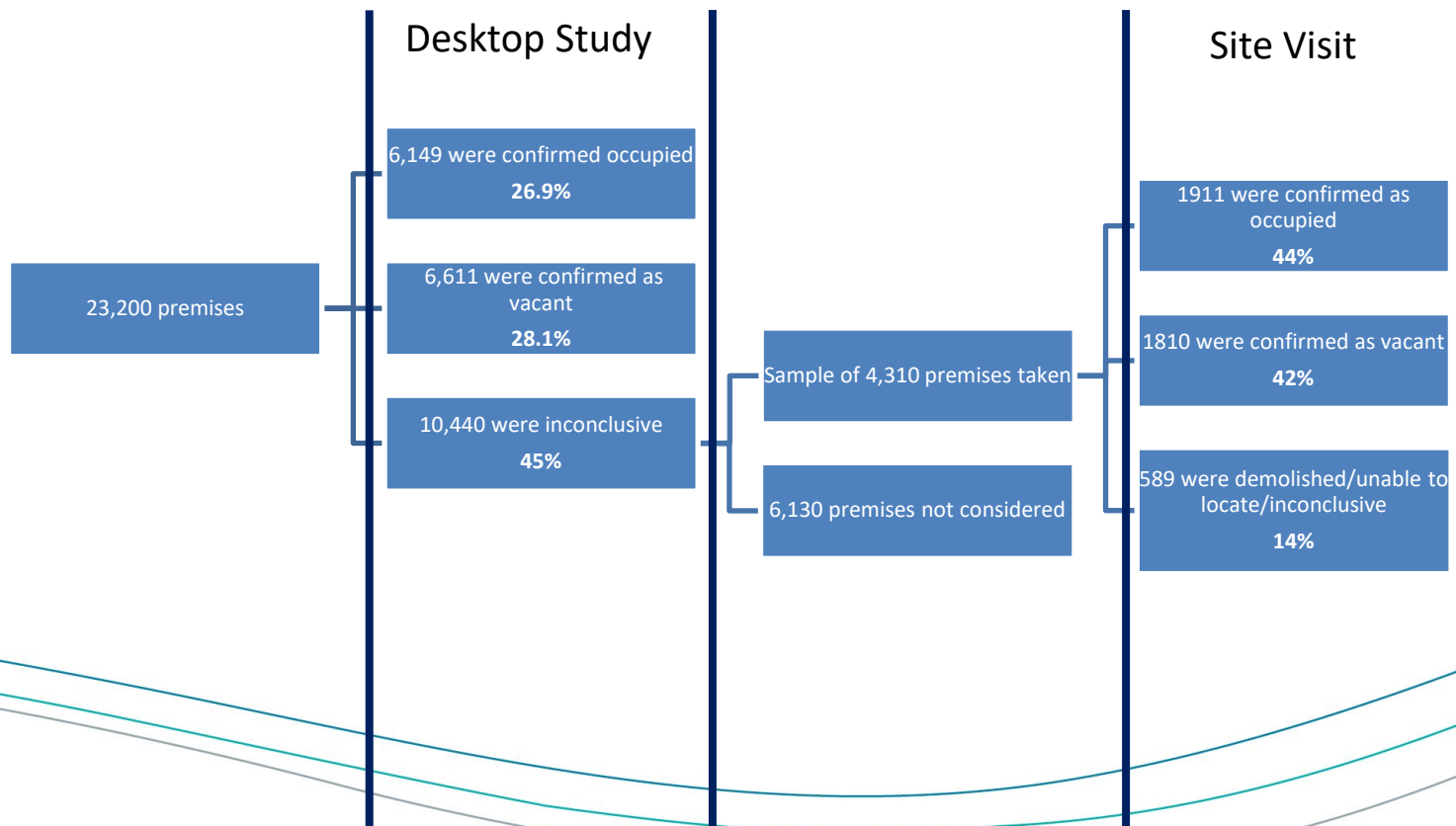
Wholesaler	Market Go live Vacancy Percentage	December 18 Vacancy Percentage	Percentage Increase
Wholesaler 1	15.65%	19.85%	+27%
Wholesaler 2	2.07%	4.95%	+139%
Thames Water	9.82%	18.2%	+85%

## Why is this an issue?

- ◆ Inaccurate occupancy status data can lead to:
  - ◆ Reduced or no charges for water, sewerage and Trade Effluent services that are consumed by NHH customers
  - ◆ If there are large volumes of occupied premises identified as vacant, significant wholesale revenue under recovery which in turn could lead to price increases for all NHH and household customers
  - ◆ Leakage volumes being overstated
  - ◆ Retailers being liable to pay for fixed or volumetric charges related to water, sewerage and trade effluent services that were not consumed by their NHH customers.

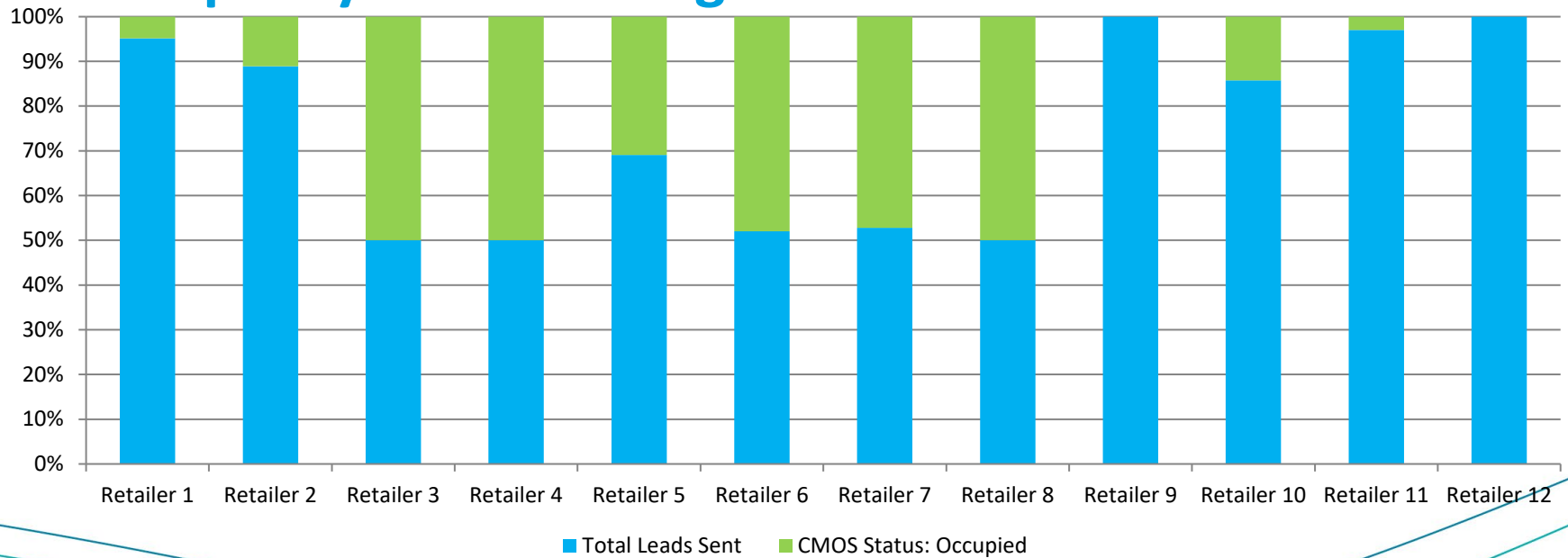
## Thames Water response to increased Vacancy

- Investigative work was carried out on a sample of 23,200 premises to determine the accuracy of the occupancy data in CMOS.



# Occupancy Status Changes

**8060 leads sent to 12 retailers**



## Current Vacancy change application process

- ◆ CSD 0105: Error rectification and retrospective amendments section 5 contains a vacancy change application process whereby Wholesalers or appropriate Retailers can challenge the accuracy of occupancy status data
- ◆ Thames Water have used this process to challenge the occupancy data for six premises. Key findings are below:
  - ◆ Burden of proof is on Applicant not Data Owner
  - ◆ The current challenge process can take a very long time to conclude:
    - ◆ Best case = approx. 1 or 2 months
    - ◆ Worst case = approx. 9 to 10 months
  - ◆ The current challenge process does not allow Applicant to recover the costs of confirming the occupancy status of a premises even if they are correct in their challenge
  - ◆ The benefit of some steps in the current process is not clear.

## Possible changes - Overview

- ◆ We have developed a series of different possible changes, these are:
  - Placing a requirement for Occupancy Owners to change occupancy statuses if they cannot provide evidence to Occupancy Applicants within 10BDs of a request to change the occupancy status
  - Opening up the current challenge process to all Retailers and introducing financial rewards for those parties who correctly challenge occupancy statuses
  - The removal of unnecessary steps in the vacancy change application process
  - Redesigning the vacancy change application process so that it is more fit for purpose.

## Possible change – Providing evidence

An Occupancy Owner is the Retailer Data Owner of the data item Occupancy Status (D2015).

An Occupancy Applicant is the relevant party Trading Party challenging the occupancy status of a premises.

If an Occupancy Applicant applies to change the occupancy status of a premises and the Occupancy Owner does not provide evidence detailing the occupancy status within 10BDs of the request, the occupancy status is changed to that of the Occupancy Applicant.

### Key Features

- ◆ Code only change or CMOS change
- ◆ Relatively quick implementation (code only)
- ◆ Automatic updates (CMOS only)
- ◆ More efficient process
- ◆ Low cost to Trading Parties for implementation (code only)
- ◆ May not have the desired effect i.e. too light touch (code only).

## Possible Changes – Opening up challenges

Opening up the current process to all Retailers and introducing financial incentives for those parties who correctly challenge occupancy statuses.

This change would broaden the definition of Occupancy Applicant to include all Retailers regardless of whether they are the Retailer for a particular premises. Additionally, a cash reward would be payable by the Occupancy Owner to the Occupancy Applicant for correctly challenged premises.

### Key Features

- ◆ CMOS or code only change
- ◆ Efficient process
- ◆ Cash reward for those who correctly challenge occupancy data
- ◆ Incentive payments made by the Trading Party who is responsible for maintaining the occupancy status data
- ◆ Possible Trading Party costs.

# Possible Changes – Removing steps in vacancy change application process

The removal of unnecessary steps in the vacancy change application process e.g:

- ◆ **Site visit** – Mandatory requirement to carry out site visits. Experience has shown in some cases desktop analysis alone is sufficient to confirm occupancy statuses.
- ◆ **Grace period** – The periods of time after evidence submission.
- ◆ **Cryptographic hash** – The Cryptographic Hash is used to identify the compiled evidence and serves to provide a fingerprint for that evidence so that any party looking at such evidence (at any time) can confirm that it is exactly the same version of evidence as was originally created.

## Key features

- ◆ Efficient process
- ◆ May not have the desired effect i.e. too light touch
- ◆ Possible CMOS changes
- ◆ Potential for lots of disagreement

## Possible changes – Redesigning the vacancy change application process

Changing steps in the vacancy change application process. There are a large number of different ways in which this could be carried out:

### Key Considerations

- ◆ SLAs for process steps
- ◆ CMOS or market code only changes
- ◆ New transactions
- ◆ Cost/Benefit
- ◆ Audit trail
- ◆ Automatic updates
- ◆ Process efficiency

## Next steps

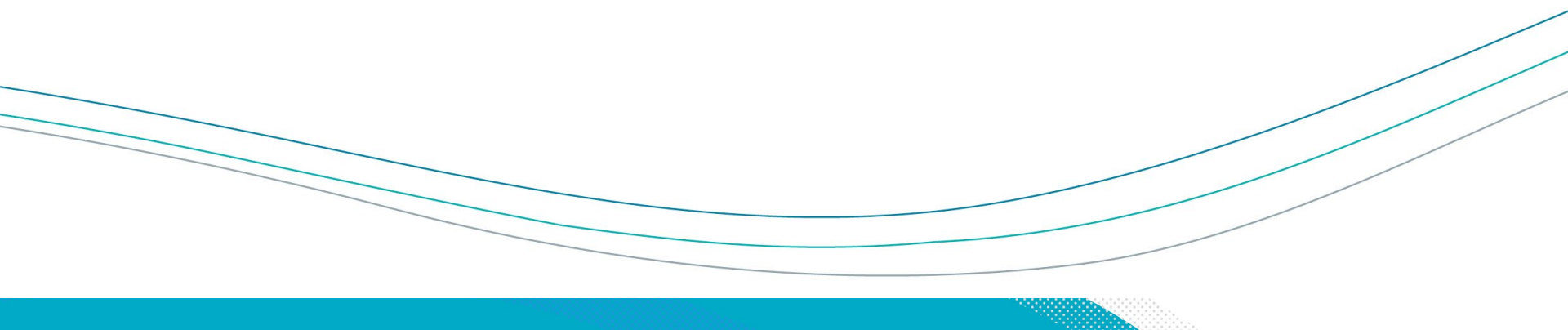
### Possible next steps:

1. Create an industry working group to consider the possible solutions and develop a working group agreed change proposal to go to consultation
2. Go straight out for industry consultation for feedback on suggested solutions.

 **Any Questions?**

# Occupier identification

User Forum – March 2019



# Vacant supply point increase since market opening

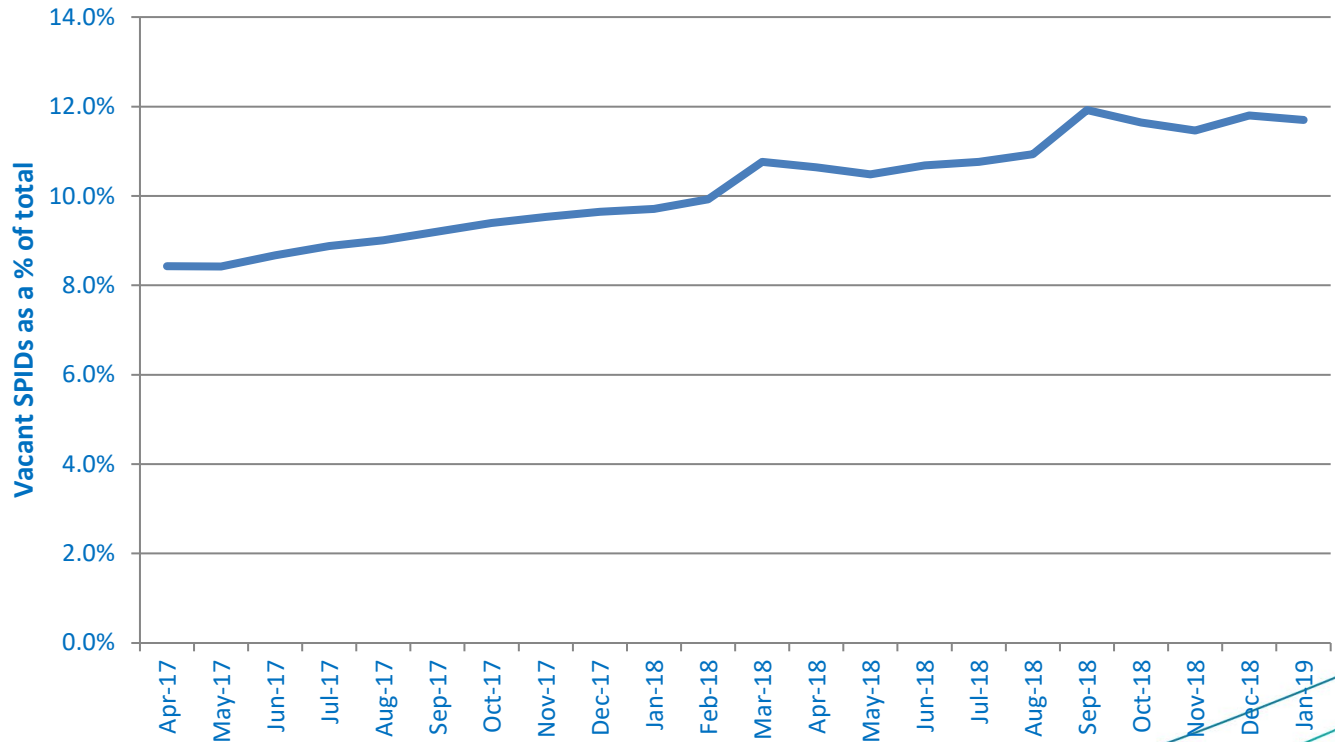
**26%**  
increase since  
April 17

**12%** vacant  
as at Jan 19

**8%** vacant  
baseline

**£3.2m**  
revenue  
impact

**Vacant SPIDs**



## Occupier identification approach – phase 1

Working with Sagacity Solutions who specialise in data quality and revenue assurance activities, we cleansed and validated 6,000 vacant SPIDs

SPIDs selected had the following attributes

- Metered
- Consumption recorded
- Mix of recent vacant (since market opening) and long vacant (prior to market opening)
- Across multiple retailers

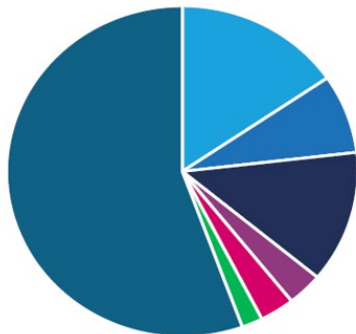
Where a SPID was found to be eligible for the market an appropriate confidence level was assigned.

The confidence levels were derived from matching with 14 address and name data sources including business rates, equifax, companies house and PAF databases.

# Occupier identification results

27%  
occupiers  
identified

Category	No. of SPIDs	% of SPIDs
New occupier – high confidence	962	16%
New occupier – medium confidence	459	8%
New occupier – low confidence	768	13%
Previous occupier still present	195	3%
Large multiple occupancy premises	191	3%
Address data quality issues	115	2%
No occupier identified	3,311	55%
<b>Total</b>	<b>6,001</b>	<b>100%</b>



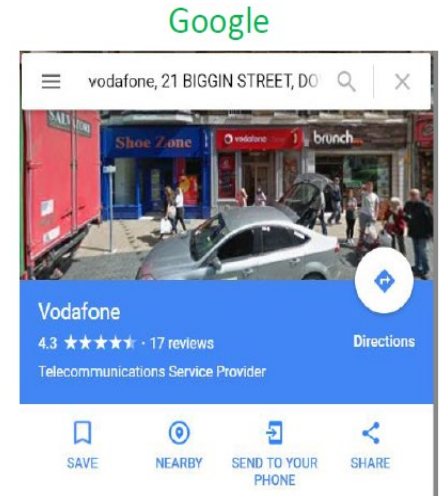
- New Occupier – High Confidence
- New Occupier – Medium Confidence
- New Occupier – Low Confidence
- Previous Occupier Still Present
- Large Multiple Occupancy Premises
- Address DQ Issues
- No Occupier Identified

# Example of high confidence occupier identification

The following details were provided by Southern Water:

- SPID 3013192119W13
- Previous Name: VACANT
- Address: 21 BIGGIN STREET  
DOVER  
CT16 1BH

Data Source	Status
Royal Mail	Match
Business Rates	No Match
Companies House	No Match
Equifax Trading	Match
Marketing	Match
Google	Match



## Royal Mail

Vodafone  
21 Biggin Street  
DOVER  
CT16 1BH

Find a postage price

Buy and print postage

## Business Rates

Summary valuation for  
**21, Biggin Street, Dover, Kent, CT16 1BH**

Current valuation Other valuations Similar properties

Description	Shoe and services	Valuation scheme reference	222165
Local authority	Dover	Special category code	249G
Local authority reference	870690202	Effective date	1 April 2017
Base rate	£380 per unit		
Transitional relief certificate is issued			

The rateable value is rounded down to  
**£12,000**  
This is not the amount you will pay. The rateable value is used to calculate your rates bill.

## Marketing Databases

21 Biggin Street, Dover, Kent, CT16 1BH

Vodafone  
Telecom Services in Dover

21 Biggin Street, Dover  
Dover  
Kent  
T: 03333040191  
Visit Website

- 21 Biggin St, Dover CT16 1BH
- 48G6+RF Dover
- vodafone.co.uk
- 0333 304 0191
- Open now: 9am–5:30pm
- Add a label
- SUGGEST AN EDIT

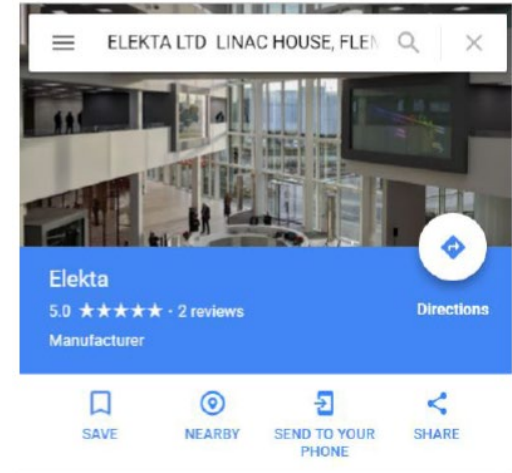
# Example of previous occupier still present

The following details were provided by Southern Water:

- SPID: 3019021553W15
- Previous Name: ELEKTA LTD
- Address: LINAC HOUSE, FLEMING WAY  
NORTHGATE  
CRAWLEY  
WEST SUSSEX

Data Source	Status
Royal Mail	Match
Business Rates	No Match
Companies House	Match
Equifax Trading	Match
Marketing	Match
Google	Match

Google



Royal Mail

Companies House

Marketing Databases

Elekta Ltd  
Linac House  
Fleming Way  
CRAWLEY  
RH10 9RR

Find a postage price

**ELEKTA LIMITED**  
Company number 03244454

Follow this company | File for this company

Overview | Filing history | People | Charges | Registers

Registered office address  
Linac House, Fleming Way, Crawley, West Sussex, RH10 9RR

Company status  
Active

Company type  
Private limited Company

Incorporated on  
2 September 1996

Accounts  
Next accounts made up to 30 April 2019 due by 31 January 2020

Confirmation statement  
Next statement date 2 September 2019 due by 16 September 2019

1.com  
People, Businesses & Places

BUSINESSES | Elekta

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Elekta  
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- Linac House, Fleming Way, Crawley RH10 9RR
- 4RM8+PH Crawley
- elekta.com
- 01293 544422
- Open now: 8am–5pm
- Claim this business
- SUGGEST AN EDIT

Email it

Buy and print postage

## Updating the market with occupier details

**795** water supply points passed to our retailers for updating

**641** water supply points passed to other wholesalers for progressing with their retailers

**October to December 18**

Communication to our retailers on our approach to the occupier ID initiative

**Mid December**

Shared occupier results with retailers and other wholesalers providing a four week deadline for updating the market

**Mid January**

Deadline extended to mid February to allow additional verification to be carried out by some retailers

**Mid February**

**78%** of SPIDs updated.

**12%** confirmed as vacant following further verification

**Weekly** tracking and **regular progress** communication was provided to each retailer

**10%** of water supply points passed to other wholesalers updated in the market

## Lessons learnt

- Some retailers carried out further verification via internal processes which impacted proposed timeline for updating the market
- Some retailers were slow to respond increasing the risk of trading disputes being raised
- We need to review our approach where we aren't the water wholesaler but consider the property occupied

## Next steps

- Phase 2 will launch in Q1 19/20
- We will use the same methodology and approach however refine the data following feedback from our retailers

Lunch

*12:50 – 13:20*

# RWG Insight on Vacancies

*Andrew Bamber*

RWG Vacants Group.  
Collated output from workshops to help form 'Market Guidance'.



## MOSL User group: Key agenda points

- ◆ Proposing how to make best use of the existing arrangements and expertise to maximise the benefit to the indy of Vacants
- ◆ Recognising the TP's respective responsibilities but also the business benefits and to be mutually supportive of positive outcomes
- ◆ Recognise that consistency and elimination 'rework' are key to managing for success: Review, Refine, Target and succeed for all
- ◆ Customer awareness of their responsibilities enhanced by a clear validation structure to provide incentive to advise on COH
- ◆ Billing of Vacants to Landlord? No bill = No settlement.



## Aim of today: RWG Vacant Working Group

- ◆ Share our thoughts
- ◆ Seek your comment and experience
- ◆ To create V1 of the 'Market Guidance' a practical guide to form the basis of proactive Trading Party activity
- ◆ Plan, Do, Review - no simple solution but activity gets results
- ◆ Enhance the collaborative approach to manage vacants down and bill for settlement
- ◆ Manage for an end game, so to bring all SPIDs into BAU.



## Vacants: Much interest across the indy

- ◆ MOSL active to raise profile by sharing adverse drift and opportunities
- ◆ Strategic level Retailer Strategy Group, Northern Hub raising questions with the regularity over responsibility and funding
- ◆ RWG at the operational level working to achieve the best outcome for respective trading parties using existing codes and practices
- ◆ Taking the experience of the many and seek to track progress
- ◆ Vacants do cost to manage proactively, and collectively need to reset customer's expectations to assist in timely COH updates
- ◆ Two examples in EN6 both RV, a National retailer and the taxi office both billed (phased COH) and both paid (had to be chased but result).



## TP's respective agenda and success criteria

- 💧 **Wholesaler:**
- 💧 Field resource, whilst doing other things, support their internal agendas (Water balance), real time, location specific and live evidence
- 💧 Encourage to share data (meter read/occupancy) with registered retailer ensuring a level paying field. Work to w'saler agenda both legacy and current vacants. Building their billed base to become current
- 💧 **Retailer: New and Associated**
- 💧 Resource internal, very limited field capability, desk top activity, set up,(meter read), bill and collect on the account. Primary interest current vacant (since MO) and market code achievement. Collect all the billed values.



## Management of Vacants

- ◆ All TP's committed to verify occupation, reading meter, charging customer (within the code of practice) and accurate settlement (as per wholesaler charging policy)
- ◆ Seek to manage exposure to settlement, unable to bill (legacy issue)
- ◆ How to improve the success of meter reads on vacants. DIP project
- ◆ Establish a common and realistic management regime of Vacants to address long term (legacy) vacants and manage new (current) vacants
- ◆ Associated and New Retailers differing issues but seek same resolution.



## Vacants: Legacy and Current

- ◆ From an Associated Retailer perspective split into:
- ◆ **Legacy:** Vacant when market seeded 1/9/16 and have remained so since, meter last read pre 1/4/17, last action was with Wholesaler
- ◆ **Current:** Has become Vacant since 1/4/17. Meter read since 1/9/17 Retailer had last action
- ◆ **Objectives: Wholesaler:** Maximise revenue, Data accuracy, Water balance
- ◆ **Retailer:** Read the meter, Bill the consumption, manage the unreadable, reconcile the unbillable.



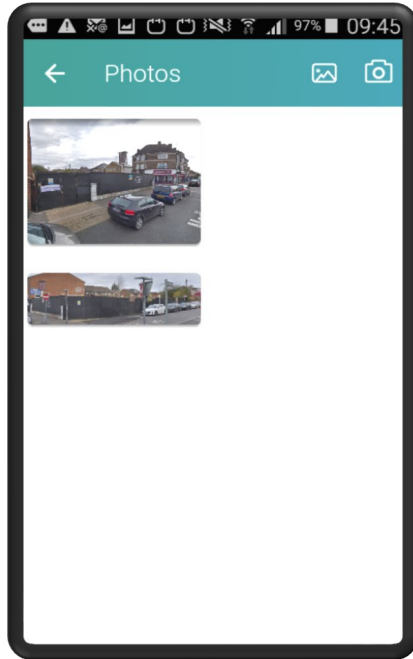
## Evidence: of Vacancy or Occupation

- 💧 Site photos supporting 'No occupation/Use'
- 💧 Meter read showing nil consumption, De minimise values
- 💧 Google search is an indicator not proof of status
- 💧 Change of use Building site, demolished, hoarding erected
- 💧 Pinpoint: a standard format to collate and share both of Vacancy and Occupation: How to fund?, central data share for all TP's. Use to support contact with occupier i.e. we can see... rather than Dear Occupier...
- 💧 Occutrace: for a fee, a full package, confirmation of occupancy 'Data to bill' most cost effective for W'Saler, Retailer to trust and act.

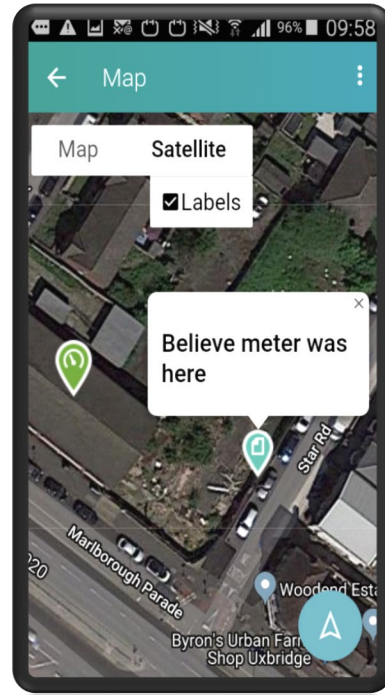


# Pinpoint – collect enhanced data on SPID/property

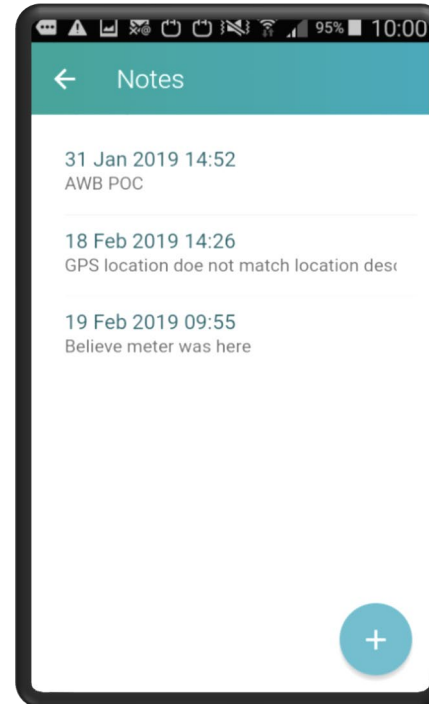
## Case study: The Star Inn



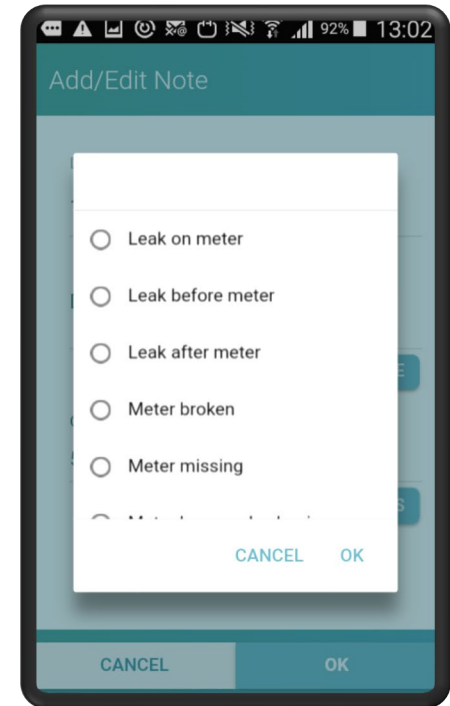
View or take pictures, of site, meter, evidence of leak.....



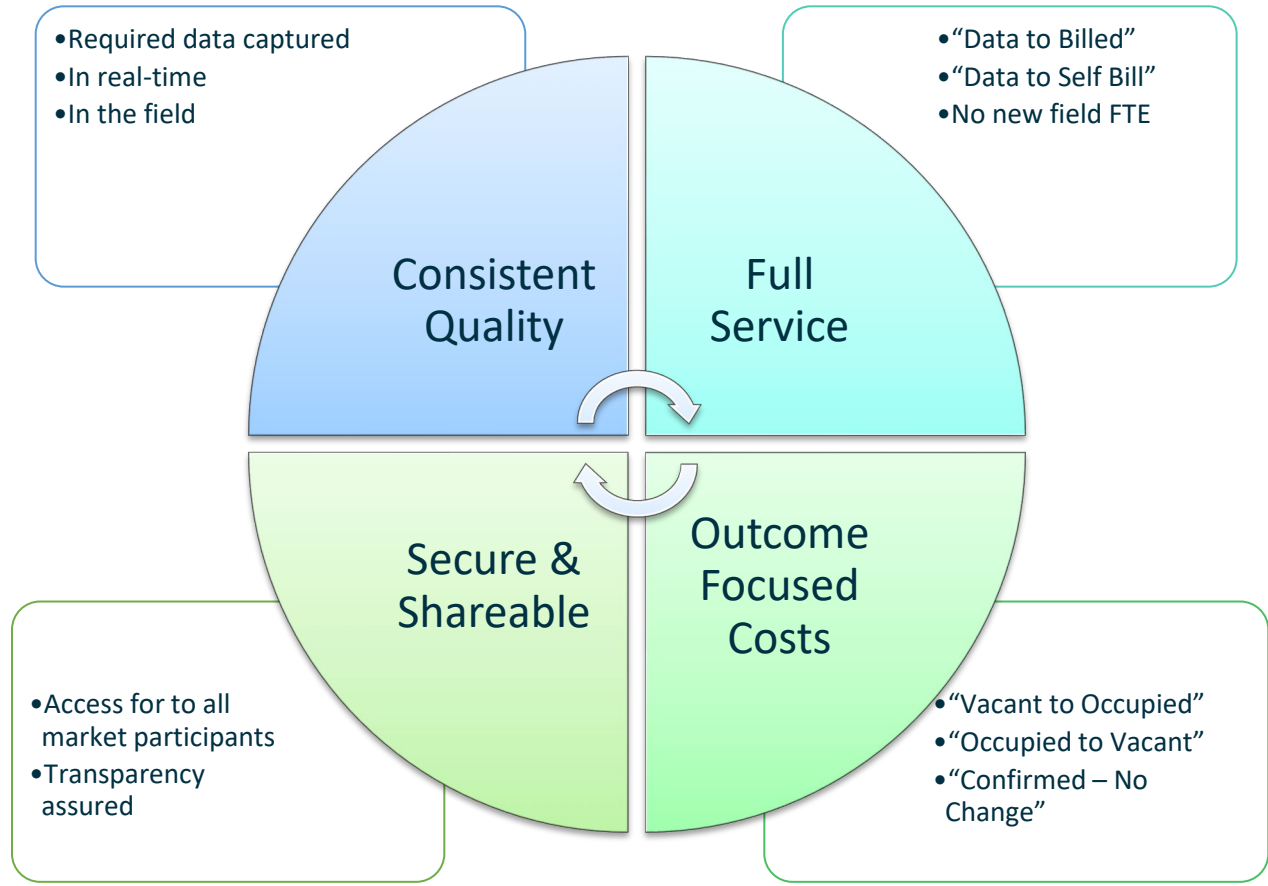
Add Geolocated notes / observations – in this case GPS provided by wholesaler locates property and not meter, so user can add marker for meter



Add or view notes from Notes screen



Quick pick to make adding a note simple / quick, automatically records, who, when and where.... or you simply type and take a picture to support note





## Standard £cash model: Best case AfB Median SPID 150m3pa

- 💧 SPID Water billed volume 350m<sup>3</sup> pa plus sewerage, back bill 16 months, say water and sewerage @£1 per m<sup>3</sup>=£2 per m<sup>3</sup> in total
- 💧 Bill 16 months @ 350m<sup>3</sup>pa = 466m<sup>3</sup> @ £2 = £1398
- 💧 Retailer margin ave 7% = £97.86 Major challenge on a billed vacant is invoice collection on the back bill, key exposure as customer not predisposed (deemed contract), 120 days to collect, collection experts
- 💧 Wholesaler settlement charge 93% £1300.14. No risk. Major driver and ability to fund the legacy invg. to confirm vacant or put into charge. Value beyond revenue.



## Affinity for Business: Data drives our activity

- | ◆ Vacant June 18 | Pre 1/4/17 | since 1/4/17 | Total |
|------------------|------------|--------------|-------|
| ◆ Vacants        | 5907       | 206          | 6113  |
- ◆ Jan 2019 Created CSI Desk, experienced hands
  - ◆ Follow up on 'Gone Aways' returned post
  - ◆ Raising 'Consumption on Empties' over currently 200m3pa
  - ◆ Moved in date discretion in pursuit of payment and continuity
  - ◆ Seek to systemise around 'Data to bill' very proactive on collection (120 days!)
  - ◆ Sewerage retailer question: Package the data to bill. (site visit for 5m3, is HH, verify by Desktop) 'Water has primacy'
  - ◆ Debt invg = Con of empty Field supply, 8m3 over 2 years. Defends occupied as there is consumption.



## Key outcomes for RWG Vacants working Group

- ◆ Consistency of approach, data collection and effective sharing (PinPoint)
- ◆ Joint and respective value of locally derived data, meter reads, occupiers, externally obtained (Occutrace)
- ◆ Clear expectations of use of new data
- ◆ Support to achieve locate, exchange, facilitate reads, H&S issues
- ◆ Equal expectation of all TP's so level playing field
- ◆ Defined ongoing Vacancy management, visit on cyclic, Desk top search = Due diligence.



## Legacy issues are not the preserve of the Associated retailer

- ◆ Legacy issues switch to new retailers who then see the issue for what it is (fresh eyes/approach) and then have the issue of resolving with the previous retailer and multiple wholesalers, it good to talk
- ◆ Continue to build on wholesaler desire to support resolving historic issues for long term betterment of the indy
- ◆ More TP interaction amending bad reads leaves us open to fines from MOSL for doing the right thing , capping helps, but no one wants to be in 'special measures'. MOSL some common sense applied? Data team to visit to see we are active to address and how this impacts our performance and how you can identify the committed from the constrained.



## Proactive management of 'Current' Vacants

- 💧 Working to ensure no new legacy management issues, of our own making as retailers
- 💧 On leaving COH: obtain best detail. Next steps, landlord, managing agent, proposed use of, end of lease, how to access to read meter, ask and record
- 💧 Establish early meter read check 3 months after COH Exit (Adhoc cost)
- 💧 Cyclic read (6 month) , attend, if no read what 'evidence' to support still VACANT?
- 💧 RV Property check as above inserted into cyclic route for data capture
- 💧 How to obtain support for 'No read obtained or obtainable' so to mitigate MPS fine.



Consumption on Empties: Retailer activity

Read obtained: Nil Con proves Vacant

Con dependant on DA, suggests:

- 💧 Property empty, meter read, consumption, settlement
- 💧 De minimis value, retailer absorb 10m<sup>3</sup> pa
- 💧 Uneconomic to bill and collect less than 50m<sup>3</sup> pa
- 💧 Presumed short term occupation between cyclic meter reads
- 💧 At last obtained meter read, high con during period extended period of unknown occupation. Legacy issue, settlement risk
- 💧 Leak on supply internal
- 💧 Adhoc revisits to verify con, significance of Daily average. (DA)



## Invoicing the Landlord on Vacants:

- ◆ Retailers seeking the ‘Art of the Possible’, NWL sharing their proactive experience. Retailers have no option but to bill and collect for any settlement
- ◆ Regulators supportive of this more proactive role, (subject to customer protections) use and practice with reduce cost, enhance customer expectation of a proactive response and increase retailer confidence and so success
- ◆ May well become a specific activity for retailers.



## Next steps:

### Legacy Vacant to BAU: Ensure collection of the bill

- 💧 Collate and produce Market Guidance doc
- 💧 Share collective expectations re 'Data to bill' 'Evidence of Vacant' 'Meter location due diligence'. **Objective No rework**
- 💧 Proactive BAU Vacancy management
- 💧 Re 'Data to bill' Receive, Act on (28 days or challenge) and determine outcome after 3 months. Retailer max effort in this area to manage billed vacants. **Timely market up date**
- 💧 Further invg. who to bill for consumption if no clear occupier
- 💧 Categorise Vacants with Long unread into pre 1 April 2017 and post MO for respective action, share and seek wholesaler active engagement on the Legacy list.



# User Forum – vacancy working sessions

*21 March 2019*

## Vacant premises breakout sessions

*Based on the available data, the presentations we have heard today, and the experiences of within our own organisations...*

1

### **What do we understand about the drivers of the trends we are seeing?**

What root causes underpin issues with vacancy? What is driving the trends we see around unmeasured premises, gap sites, partial SPIDs etc? What more do we still need to understand?

2

### **What do we understand about the impacts of these trends?**

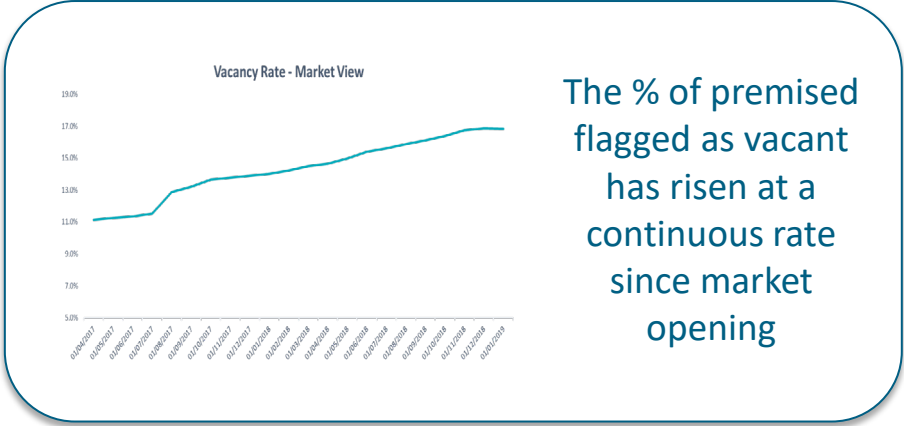
What are the impacts on wholesalers, retailers and customers (financial impacts, operational impacts, service impacts etc.)? What more do we will still need to understand?

3

### **What are the top changes that would help improve how vacancy is managed?**

What are the potential solutions or projects that should be considered? Do we understand what they involve / how complex they will be? How certain are we of the outcome?

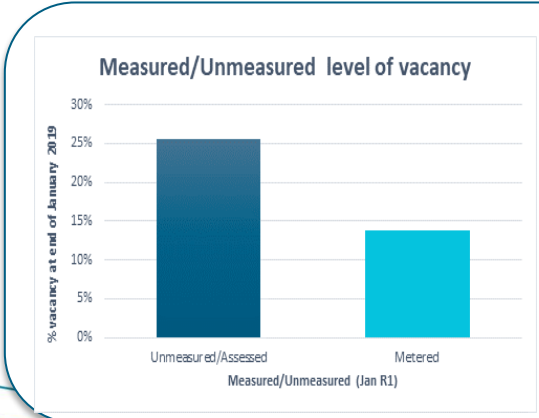
# Vacancy – recap from last month’s User Forum



The % of premises flagged as vacant has risen at a continuous rate since market opening



Levels of vacancy vary by trading party, but have risen in almost all areas



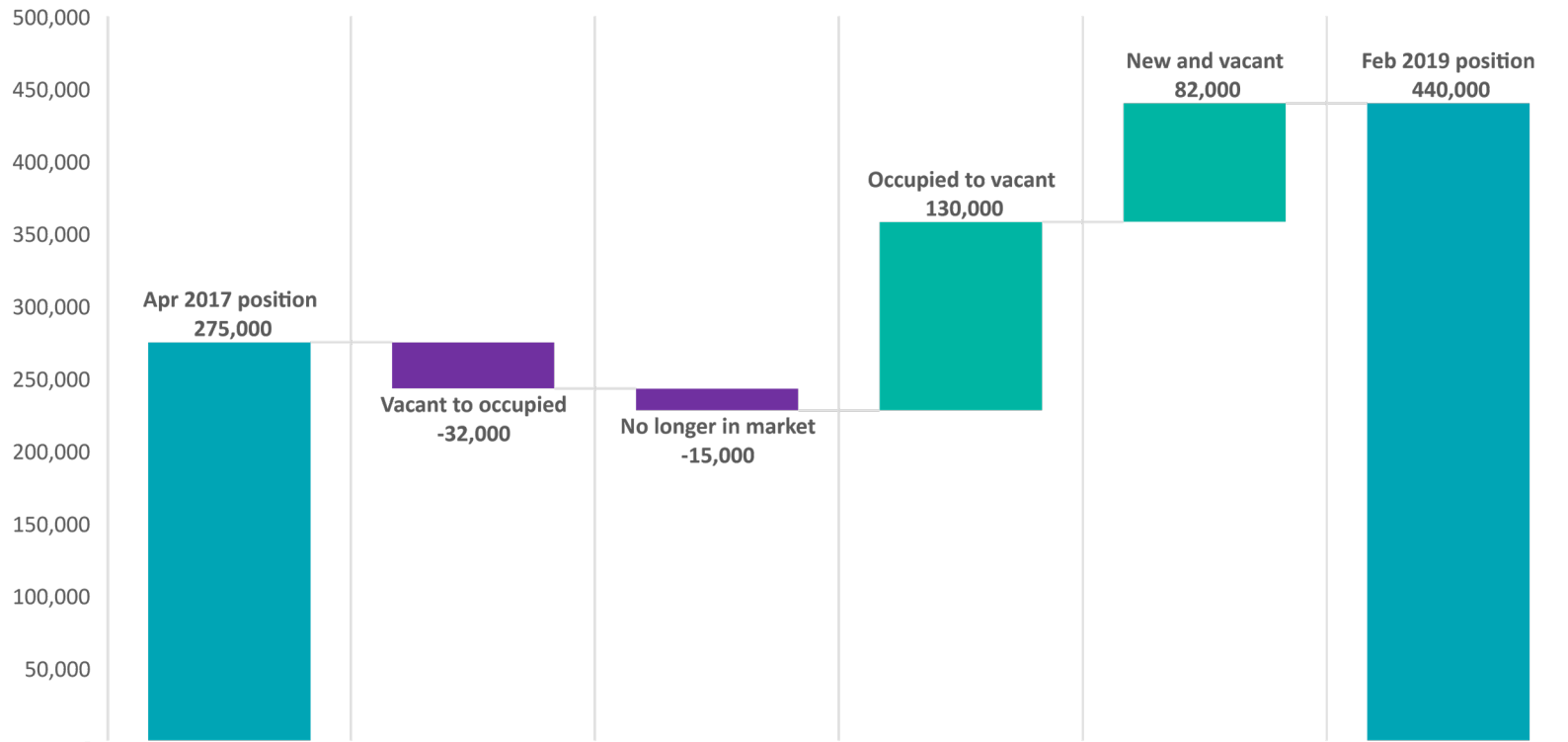
Across the market, rates of vacancy are typically higher on unmeasured and assessed premises than on metered premises

Retailer	WHOLESALE A	WHOLESALE B	WHOLESALE C	WHOLESALE D
RETAILER A	36%	83%	55%	61%
RETAILER B				
RETAILER C	7%	2%		20%
RETAILER D	8%	52%	32%	33%
RETAILER E	3%	4%	0%	2%
RETAILER E				
RETAILER F	15%	4%		
RETAILER G	13%	11%		15%
RETAILER H	4%	11%	4%	10%
RETAILER I	1%	2%		1%
RETAILER J	3%	11%	8%	12%
RETAILER K		3%		2%
RETAILER L				
RETAILER M				
RETAILER N	2%	2%	5%	2%

Analysis of wholesaler-retailer pairings highlights regional differences and a potential variance in approaches

## Increasing vacancy – what is driving it?

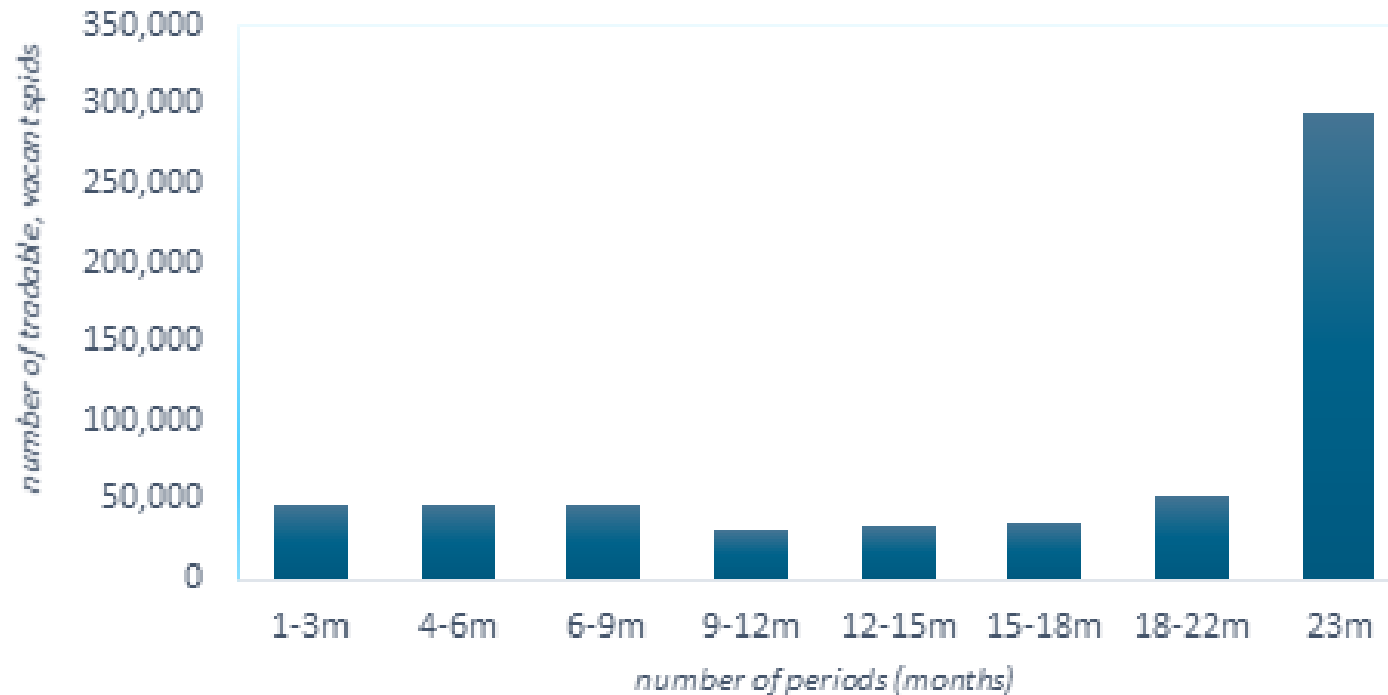
### Vacant SPIDs (tradable and connected) – changes since market opening



Vacant new connections and gap sites represent a significant proportion of the increase in vacant premises

## Duration of vacancy

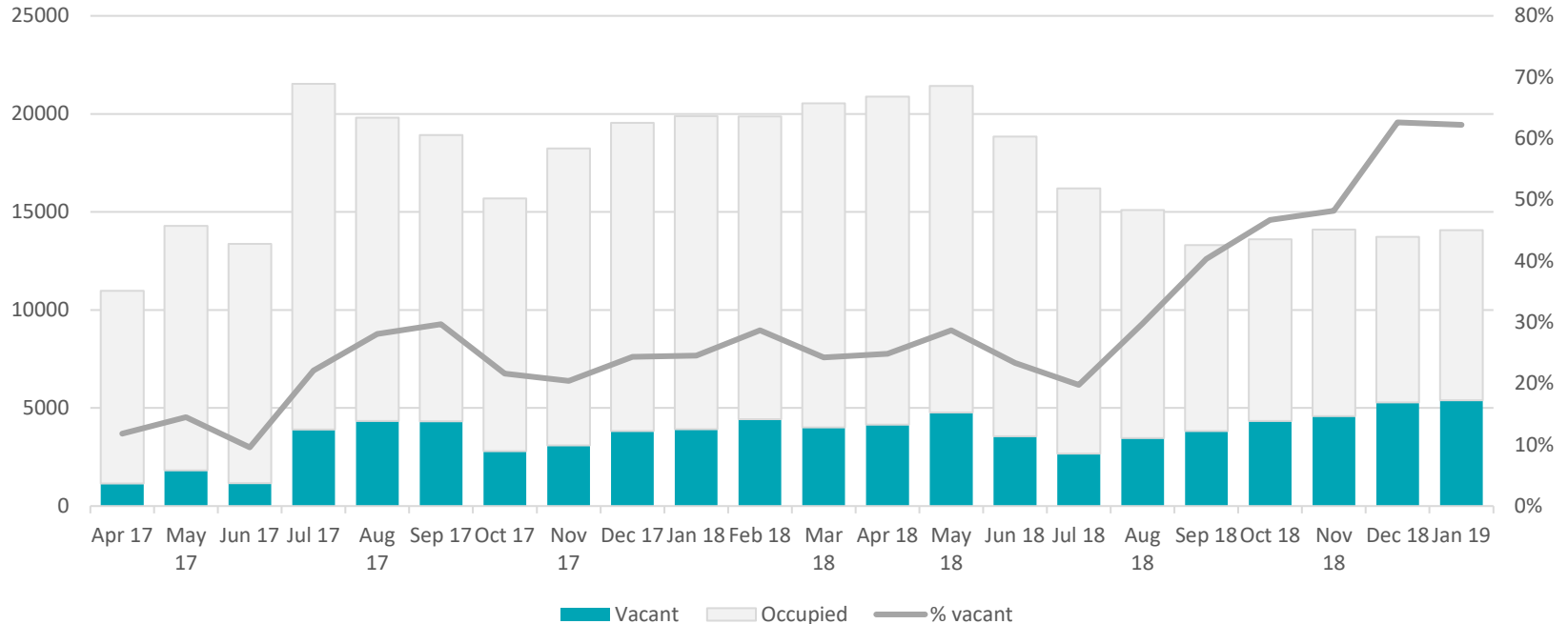
**Number of periods of vacancy by length**



The majority of vacant SPIPs have been vacant since market opening

# Understanding new and partial SPIDs' link to vacancy

## Occupancy status of partial SPIDs



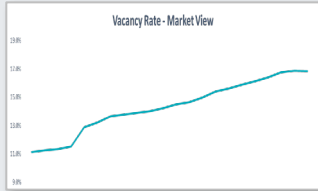
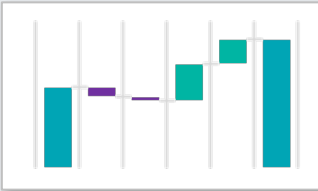
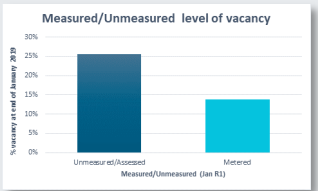

The proportion of partial SPIDs flagged as vacant has increased significantly since market opening

# Vacant premises breakout sessions

1

## What do we understand about the drivers of the trends we are seeing?

What root causes underpin issues with vacancy? What is driving the trends we see around unmeasured premises, gap sites, partial SPIDs etc.? What more do we still need to understand?

	Increasing overall levels of vacancy	Vacancy at new connections and gap sites	Vacancy at unmeasured premises	Other?
				
Key insights / drivers?				
What more do we need to understand?				

## Vacant premises breakout sessions

2

### What do we understand about the impacts of these trends?

What are the impacts on wholesalers, retailers and customers (financial impacts, operational impacts, service impacts etc.)? What more do we will still need to understand?

	Financial	Operational	Service	Other
Wholesalers				
Retailers				
Customers				
Other				

## Vacant premises breakout sessions

3

### What are the top changes that would help improve how vacancy is managed?

What are the potential solutions or projects that should be considered? Do we understand what they involve / how complex they will be? How certain are we of the outcome?

Nature of change	Change / project	Complexity to make the change?	Certainty?
Market arrangements			
Ways of working / behaviours			
Data / reporting			
Other			

# AOB wrap up and close

*Steve Arthur*