

MARKET CODE CHANGE PROPOSAL			Draft Form Version 1.2	
Market Code Change Proposal Ref (Assigned by CMA)		MCCP038	Version Number (Assigned by CMA)	Version 1.0
Title of the change		Text Correction CSD0205 for 20mm Premium		
1. GENERAL DETAILS		Proposers are reminded that Change Proposals must be countersigned by the Proposer's Contract Manager or the person designated by the signatory to the Market Code Framework /Accession Agreement		
Company:	Scottish Water		Org ID if assigned:	
Signature:	Pass signed copy to the TP Secretary before the start of the TP meeting at which the MCCP is to be presented; please remove this text.		Date: Name:	Jessie McLeman
Contact details for the Proposal - the contact should be able to deal with queries regarding this Market Code Change Proposal and need not be the same person who has countersigned the Change Proposal				
Name:		Richard Lavery		
Email Address:		richard.lavery@scottishwater.co.uk		
Telephone and or Mobile:		07875 873845		
Number of Associated Documents	00	Name or link to documents		
If the MCCP will also affect the Operational Code, an OCCP must also be raised				
Indicate if there is an associated OCCP			OCCP Ref: CMA use only	
URGENT – IF PROPOSER HAS INDICATED THIS MCCP IS URGENT, STATE REASONS HERE The CMA Chief Executive will review this information and make a decision as to whether to take this MCCP forward as urgent as defined as under Market Code Part 8.7.1 (ii) (e)				
2. MARKET CODE CHANGE PROPOSAL DETAILS				
A	ISSUE or DEFECT WHICH THIS MARKET CODE CHANGE PROPOSAL SEEKS TO ADDRESS required under Market Code Part 8.7.1 (ii) (b)			

Footnote 3 on page 15 of the 2009/10 Wholesale Charges Scheme sets out a premium which applies to the capacity volume charge and the standard volume charge for meters with a chargeable size of less than or equal to 20mm. MCCP031 proposed corrections to the calculation of this 20mm charging premium and was approved by the April Technical Panel.

Whilst implementing that change proposal a minor mistake in CSD0205 (Charge Calculation, Allocation and Aggregation) was identified. It was agreed at the June Technical Panel that it would be appropriate for a change proposal to be raised to bring the CSD into line with the Wholesale Charges Scheme and the Central Systems.

Appendix 1 of CSD0205 currently sets out two slightly different methods of calculating the 20mm premium at Supply Points with more than one 20mm meter. Both methods would result in the correct result based on the rules as defined in the current Wholesale Charges Scheme. The first of the two methods accurately reflects the way that the calculation is currently applied in the Central Systems

This change proposal is to remove the second of the two methods from the CSD so that it clearly reflects the method applied by the Central Systems to calculate the premium.

B	DESCRIPTION OF NATURE AND PURPOSE OF THE CHANGE AND HOW IT MEETS THE MARKET CODE OBJECTIVES AND PRINCIPLES FOR THE MARKET DOCUMENTS required under Market Code Part 8.7.1 (ii) (c)								
<p>The Proposer should indicate which principles the change supports and whether there is any adverse effect on any principle(s).</p> <table border="0"> <tr> <td>a) Proportionality</td> <td>e) Barriers to entry</td> </tr> <tr> <td>b) Transparency</td> <td>f) Customer contact</td> </tr> <tr> <td>c) Simplicity, cost-effectiveness and security</td> <td>g) Non-discrimination</td> </tr> <tr> <td>d) Non-exclusivity</td> <td>h) Not detrimental to Scottish Water's core functions</td> </tr> </table>		a) Proportionality	e) Barriers to entry	b) Transparency	f) Customer contact	c) Simplicity, cost-effectiveness and security	g) Non-discrimination	d) Non-exclusivity	h) Not detrimental to Scottish Water's core functions
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<p>The change supports the principles of transparency and simplicity, cost-effectiveness and security. It will ensure that the CSD accurately reflects the charging rules as intended in the Wholesale Charges Scheme and as applied in the Central Systems.</p>									
C	IMPACT – required under Market Code Part 8.7.1 (ii) (d), (f) and (g)								
<p>The Proposer should indicate the sections of the Market Code affected, whether the Operational Code or CSDs, Wholesale Services Agreement or License is impacted and whether there are likely to be implications on:</p> <table border="0"> <tr> <td>a) Central Systems</td> <td>c) CMA Interfaces/ Processes</td> </tr> <tr> <td>b) Trading Party's systems</td> <td>d) Trading Party's business processes</td> </tr> </table>		a) Central Systems	c) CMA Interfaces/ Processes	b) Trading Party's systems	d) Trading Party's business processes				
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<p>The change will not affect the Central Systems as the updated text reflects the charging rules already applied by them.</p> <p>The change will not affect Trading Party's systems.</p> <p>The change will not affect CMA Interfaces or Processes.</p> <p>The change will not affect Trading Party's business processes.</p>									
D	DRAFT LEGAL TEXT – required under Market Code Part 8.7.1 (ii) (d)								

Supply Points with 20mm meters

Supply Points containing 20mm meter(s) are subject to a phasing premium on their Water Services volume greater than the allocated tranche and less than the capacity volume threshold. This charge applies to both Rateable Value assessed and metered Supply Points.

This applies for both the Capacity Volume Charge and the Standard Volume Charge associated to Volume at a Supply Point. The percentage premium is set out in the Wholesale Charges Scheme.

The allocation of this percentage will be performed by adding the following component for each 20mm meter at a Supply Point to the normal EWA and AWA Unit Rates:

$$P_{20mm} = \frac{PP_{20mm} * (B1 + C_c) * (V_c - V_{FW})}{YV}$$

Where:

P_{20mm} is the premium Unit Rate for the 20mm meter relating to a Supply Point;

PP_{20mm} is the percentage premium for the Year;

B1 is the Unit Rate for Band one;

C_c is the Capacity Volume Charge Unit Rate;

V_c is the Volume Limit associated with the Capacity Volume Charge for a 20mm meter;

V_{FW} is the Volume Limit associated with the meter's Free Allocation; and

YV is the Yearly Volume (Estimated or Actual) supplied to the Supply Point over the Year.

Where the YV is equal or less than any Volume Limit the CMA will substitute YV into the calculation.

~~For a Multi-Meter Supply Point containing more than one 20mm meter the Volume limits for V_c and V_{FW} will be multiplied by the number of 20mm meters.~~

~~$$V_{MT} = n * V_M$$~~

~~Where:~~

~~V_{MT} is the aggregate Volume Limit for the Supply Point;~~

~~V_M is the 20mm Volume Limit for the meter (V_c or V_{FW}); and~~

~~n is the number of 20mm meters contained in the Supply Point.~~

The 20mm premium is not applicable to any 20mm meter at a Supply Point that was formerly under a large-user volume agreement.

3. IMPLEMENTATION DETAILS - PROPOSED IMPLEMENTATION DATE OR LEAD TIME

Timescale must not overlap with the period of consultation with the Commission and should take account of the impacts identified in Section C. Any quoted lead time should commence from date of approval.

The Implementation Date will be the date of the next release of the Market Code following Approval by the Commission

4. ANY OTHER COMMENTS



The full text of the objectives and principles for the Market Code are set out in The Water Services (Codes and Services) Directions 2007 which can be downloaded from the Commission's website (http://www.watercommissioner.co.uk/view_Directions.aspx)