

**Gap Site Allocation Process – consultation response
May 2008**

Overview

This is the Commission's response to the consultation issued in March 2008 on its proposed amendments to the Market Code in relation to the allocation of licensed providers to customers whose premises have been identified by Scottish Water as being Gap Sites.

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Consultation Response

Background

The Water Industry Commission for Scotland (“the Commission”) published its consultation document, ‘Gap Site Allocation Process – a consultation paper’ in March 2008. The aim of the consultation was to set out the Commission’s proposed revisions to the Market Code to define the method of allocating Gap Sites identified by Scottish Water.

We received three responses to the consultation from Scottish Water, Business Stream and Satec Ltd. We would like to thank all the respondents to the consultation for their comments and suggestions, which we have found very useful.

A number of questions were raised by the respondents and at Annex A below we set out the Commission’s response to those questions.

At Annexes B, C and D we set out the allocation process and the associated changes to the Market Code and CSD 0101 (Registration: New Connections & New Supply Points). The Commission will require the CMA to make the changes to the Market Code and CSD as Commission Changes pursuant to paragraph 8.7.2 of the Market Code.

It should be noted that the allocation process set at Annexes B, C and D will only apply to those licensed providers who have completed the Market Readiness Process and are able to have customers allocated to them by the CMA, i.e. the CMA cannot allocate customers to licensed providers who have not completed the Market Readiness Process.

Implementation

The changes to the Market Code and CSD 0101 (Registration: New Connections & New Supply Points) will be included in the next version of the Market Code to be issued by the CMA in May 2008. However, the changes will not take effect until 1 June 2008.

Until that time, Scottish Water, the CMA and licensed providers will follow the current processes set out in the Market Code, save that the CMA will allocate licensed providers to customers using the rotational process set out in this document.

Annex A – Questions

1. Data processing

Questions have been asked regarding the status of customers who are not currently included on the CMA's systems but are being added through the gap site allocation process. Further, there are some gap sites identified prior to 1 April 2008 which have still to be processed and added to the market dataset held by the CMA.

The Commission confirms that all gap sites identified prior to 1 April 2008 should be allocated as Business Stream customers, even if they are still to be processed by the CMA. Further, the allocation process will only be used for those gap sites identified by Scottish Water. Accordingly, any current customer of Business Stream whose details are being entered on to the CMA's systems by way of the gap site process, will remain customers of Business Stream.

However, any gap site identified by Scottish Water after 1 April 2008 will be allocated to a licensed provider using the processes set out in this consultation response.

2. Incorrectly identified gap sites

A question was raised as to whether Scottish Water could, in good faith, identify a gap site and have that site allocated to a licensed provider when a SPID already exists and is being served by another licensed provider. In that scenario it was requested that licensed providers be allowed to block the allocation process.

The Commission believes that this scenario is highly unlikely. Scottish Water is aware of the location of all meters and SPIDs and the very process of locating a gap site will require them to cross-check that data with the gap site's location. Further, the allocation process set out in this consultation response allows customers to choose a licensed provider, at which point the customer will be able to make Scottish Water aware of any incumbent licensed provider.

As such, a system to allow gap site allocations to be rejected would generate little benefit and would probably be unwieldy.

3. Existing Licensed Provider for associated services

Where a gap site is identified in relation to only one of two associated services, e.g. a SPID has been allocated for water services but not sewerage services, the unregistered services will not be automatically allocated to the Licensed Provider currently serving the registered SPID.

In the competitive market, customers are allowed to choose different suppliers for their water and sewerage services. In the Commission's view, allocating an associated service to an existing licensed provider would run contrary to this principle and would not be in the interests of the competitive market.

4. Gap site identification

A question was raised as to when the Gap Site allocation process should commence. The Market Code is clear that the allocation process will only commence once a Gap Site has been identified. A Gap Site is defined under the Market Code as:

“any Eligible Premises which is in receipt of Water Services and/or Sewerage Services where no Supply Points are Registered in relation to such Eligible Premises in the Supply Point Register.”

Accordingly, only when a site is determined to fall within that criteria will it be classed as a Gap Site and the allocation process begin.

5. Vacant premises

Premises which are vacant at the time of being allocated to a licensed provider will be allocated in the usual way. The vacancy provisions in the Wholesale Charges Scheme and the Market Code will also apply in the usual way.

6. Other questions

Questions were raised regarding billing for prior services and verifying services received at a gap site where that site has not yet been issued a SPID. These questions do not directly relate to the consultation issued by the Commission and will therefore be the subject of separate publications by the Commission.

Annex B – Process

Initial identification

- If Scottish Water identifies any Gap Site, within 2 Business Days of such identification Scottish Water will write to the customer informing them that they must now choose a licensed provider or have one allocated to them by the CMA.
- When writing to the customer, Scottish Water will use a form of words approved by the Commission which will set out all of the customer's options. Scottish Water will also give each customer a unique reference number which will allow both Scottish Water and licensed providers to identify the customer and the relevant gap site.
- In its letter, Scottish Water will inform the non-household customer that they have 15 Business Days from the date of the letter to choose a licensed provider.

Process if the customer chooses licensed provider(s)

- Once the customer has chosen licensed provider(s), the licensed provider(s) must notify Scottish Water within 1 Business Day in accordance with Step a of Section 3.1.1 of CSD 0101 (Registration: New Connections & New Supply Points).
- Having received such notification, Scottish Water will submit the relevant data transaction to the CMA to request new SPID(s) and identify the licensed provider(s) chosen by the non-household customer.
- The CMA will then Register the new Supply Point(s) in accordance with Section 3.1.1 of CSD 0101.

Process if the customer does not choose licensed provider(s)

- If Scottish Water does not receive notice that the customer has chosen licensed provider(s) within the allotted 15 Business Days, it will submit the relevant data transaction to the CMA to request new SPID(s) but will not include any information regarding the identity of a licensed provider, in accordance with Step b of Section 3.4.1 of CSD 0101.
- Having submitted the request for new SPID(s), Scottish Water will write to the customer to confirm the CMA will now allocate a Licensed Provider. In writing to the non-household customer, Scottish Water will use a form of words approved by the Commission which will again set out all of the customer's options going forward.
- Once it has received the request for new SPID(s) from Scottish Water without an allocated Licensed Provider, the CMA will allocate a licensed provider to the non-household customer.
- The CMA will allocate licensed providers to customers on a strict rotational basis with licensed providers being allocated customers in the order they received their licences, i.e. the first provider to be licensed will take the first customer, the second licensed provider the second customer etc.

- The CMA shall only allocate customers at Gap Sites to licensed providers who hold a general licence. Further, if there is more than one supply point at the Gap Site and/or more than one service (e.g. water and sewerage) then all supply points and all services at that site will be allocated by the CMA to the same licensed provider.
- Once the CMA has allocated a licensed provider to a non-household customer in accordance with the process set out above, the Licensed Provider must write to that new customer within 5 Business Days of the allocation.

5.4 New Connections and New Supply Points

All Code Parties agree to co-operate with each other in relation to the Registration of Supply Points for New Connections and New Supply Points including by carrying out the duties set out in this Section 5.4.

5.4.1 Create Record of New Connection and Partial Registration Application

- (i) Not less than one (1) Month prior to the Connection Date for a New Connection, Scottish Water shall issue a request to the CMA for the creation of new Supply Point(s) related to that New Connection;
- (ii) the CMA will send confirmation of the SPID to Scottish Water and the Licensed Provider; and
- (iii) within five (5) Business Days of receipt of the SPID the Licensed Provider shall submit a properly completed Partial Registration Application to the CMA;

all in accordance with CSD 0101 (Registration: New Connections & New Supply Points).

5.4.2 Notification of Scottish Water Data for New Connections

- (i) On receipt of a SPID for a Partial Registration Application, Scottish Water shall (to the extent not already provided) notify the relevant Scottish Water Data for that Supply Point to the CMA; and
- (ii) the CMA shall notify the relevant Scottish Water Data for that Supply Point to the Licensed Provider,

all in accordance with CSD 0101 (Registration: New Connections & New Supply Points).

5.4.3 Updates to other SPID Data for New Connections

From the date of submission of a Partial Registration Application until the Connection Date the relevant Data Owner shall update the SPID Data submitted in the Partial Registration Application as necessary to ensure that it remains accurate and up to date. In the event that the relevant Data Owner fails to update the SPID Data referred to above, the CMA shall be entitled to request such information from that Data Owner. The relevant Licensed Provider shall provide

information including consumption pattern information relating to the Supply Point to the CMA in accordance with CSD 0101 (Registration: New Connections & New Supply Points).

5.4.4 Notification of Meter Information and Initial Reads for New Connections

In relation to each New Connection:-

- (i) Scottish Water shall notify the CMA of the meter related SPID Data in accordance with CSD 0101 (Registration: New Connections & New Supply Points);
- (ii) Scottish Water shall provide the CMA with the Initial Read, in accordance with Section 5.9.5, CSD 0101 (Registration: New Connections & New Supply Points) and CSD 0202 (Meter Read Submission: Process); and
- (iii) the CMA shall notify the Initial Read to the Licensed Provider.

5.4.5 Confirmation of Connection for New Connections

Scottish Water shall notify the CMA of the Connection Date for each New Connection within two (2) Business Days after the Connection Date in accordance with CSD 0101 (Registration: New Connections & New Supply Points) and the CMA shall confirm the Connection Date to the Licensed Provider.

5.4.6 Missing Data for New Connections

For any New Connection where there is any SPID Data or any other information missing which prevents Registration of the relevant Supply Point, the CMA shall issue a request to the relevant Data Owner to update and/or provide such SPID Data or information to enable the Supply Point for a New Connection to be Registered.

5.4.7 Failure to Register New Connections prior to the Connection Date

If any Supply Point for a New Connection is not Registered by the Connection Date, Scottish Water and the Licensed Provider shall comply with CSD 0105 (Error Rectification & Retrospective Amendments) in respect of that Supply Point.

5.4.8 New Supply Points - Entry Change of Use

- (i) If a Licensed Provider becomes aware of any Entry Change of Use it shall notify Scottish Water in accordance with CSD 0101 (Registration: New Connections & New Supply Points) and shall perform its

obligations in accordance with that CSD so that any New Supply Point(s) required as a result of the Entry Change of Use can be Registered in the Supply Point Register.

- (ii) On receipt of notification of any Entry Change of Use Scottish Water shall perform its obligations in accordance with CSD 0101 (Registration: New Connections & New Supply Points) so that any New Supply Points required as a result of the Entry Change of Use can be Registered in the Supply Point Register. The CMA shall inform Scottish Water of the Registration Start Date for any New Supply Points and Scottish Water shall cease to be entitled to make any direct charge in respect of any premises which have become Eligible Premises with effect from the Registration Start Date.

5.4.9 **New Supply Points - Gap Sites identified by a Licensed Provider**

- (i) If a Licensed Provider identifies any Gap Site it shall notify Scottish Water in accordance with CSD 0101 (Registration: New Connections & New Supply Points) and shall perform its obligations in accordance with that CSD so that New Supply Point(s) relating to such Gap Site(s) can be Registered in the Supply Point Register.

- (ii) On receipt of notification of any Gap Site under Section 5.4.9(i) Scottish Water shall perform its obligations in accordance with CSD 0101 (Registration: New Connections & New Supply Points) so that any New Supply Points relating to such Gap Site(s) can be Registered in the Supply Point Register.

5.4.10 **New Supply Points - Gap Sites identified by Scottish Water**

- (i) If Scottish Water identifies any Gap Site it shall follow the Gap Site Allocation Process in Section 5.4.11 below and perform its obligations in accordance with that Gap Site Allocation Process and CSD 0101 (Registration: New Connections & New Supply Points) so that New Supply Point(s) relating to such Gap Site(s) are allocated to a Licensed Provider and Registered in the Supply Point Register.

5.4.11 Gap Site Allocation Process

- (i) If Scottish Water identifies any Gap Site, within 2 Business Days of such identification Scottish Water will write to the non-household customer at the relevant Eligible Premises (using the form approved by the Commission) informing them that they must now choose a Licensed Provider within 15 Business Days or have one allocated to them. Scottish Water will also give each customer a unique reference number.
- (ii) If a Licensed Provider agrees to supply the non-household customer pursuant to Section 5.4.11(i), that Licensed Provider must notify Scottish Water within 1 Business Day in accordance with Step a of Section 3.1.1 of CSD 0101 (Registration: New Connections & New Supply Points).
- (iii) Having received such notification Scottish Water will submit the T001.0 (Request New SPID) to the CMA and shall identify the Licensed Provider chosen by the non-household customer in the T001.0 request all in accordance with Step b of Section 3.1.1 of CSD 0101 (Registration: New Connections and New Supply Points).
- (iv) The CMA will then Register the new Supply Point(s) in accordance with Section 3.1.1 of CSD 0101 (Registration: New Connections & New Supply Points).
- (v) If Scottish Water does not receive notice from a Licensed Provider within 15 Business Days from the date of its letter to the non-household customer, it will submit the T001.0 (Request New SPID) to the CMA but will not include any information regarding the identity of a Licensed Provider in accordance with Step b of Section 3.4.1 of CSD 0101 (Registration: New Connections & New Supply Points).
- (vi) Having received the T001.0 (Request New SPID) without an allocated Licensed Provider from Scottish Water, the CMA will allocate a Licensed Provider to the non-household customer in accordance with Sections 5.4.11(vii) to (x) below.

- (vii) The CMA shall only allocate customers at Gap Sites to Licensed Providers who hold a Licence and are not solely a Specialist Licensed Provider and/or a Self Supply Licensed Provider. The allocation of a Licensed Provider by the CMA will take place on a strict rotational basis with Licensed Providers being allocated customers in the order they received their Licences, i.e. the first Licensed Provider to be licensed for the Services relevant to the Gap Site will take the first customer, the second Licensed Provider the second customer etc.
- (viii) If there is more than one Supply Point in relation to the Gap Site then all Supply Points in relation to that Gap Site will be allocated by the CMA to the same Licensed Provider.
- (ix) Having allocated a Licensed Provider to the customer, the CMA will then Register the new Supply Point(s) in accordance with Section 3.4.1 of CSD 0101 (Registration: New Connections & New Supply Points).
- (x) Once the CMA has allocated a Licensed Provider to the non-household customer in accordance with Section 5.4.11(vii) above, the Licensed Provider must write to that new customer within 5 Business Days of receiving notification of allocation from the CMA in accordance with Step c of Section 3.4.1 of CSD 0101 (Registration: New Connections & New Supply Points).

SCHEDULE 1
DEFINITIONS, INTERPRETATION AND HIERARCHY

1. Definitions

In this Market Code and the Schedules hereto, subject to any express provisions to the contrary, the following words or expressions shall have the meanings ascribed to them below.

Term	Means
<u>“Gap Site Allocation Process”</u>	<u>the process set out in Section 5.4.11 by which Licensed Providers are allocated to a non-household customer at a Gap Site identified by Scottish Water ;</u>

Annex D – Changes to CSD0101
(Registration: New Connections & New Supply Points)

3.4 Where Scottish Water becomes aware of a Gap Site

3.4.1 Description of the Process Diagram Steps

Step a: Identify Gap Site

On identifying a Gap Site, Scottish Water shall endeavour to identify any information regarding the premises from its records, including assessing whether a site visit will be required to verify the Services at the Supply Point(s).

Step b: Request Supply Point(s) [T001.0]

Once Scottish Water has written to the non-household customer in accordance with the Gap Site Allocation Process and no Licensed Provider(s) has been chosen by the customer, Scottish Water will, within 17 Business Days of the date of its initial letter to the non-household customer, submit the T001.0 (Request New SPID) to the CMA. The submission will reflect that the New Supply Point(s) arises from a Gap Site, whether the Supply Point(s) relates to both Water and Sewerage Services, or only one of those Services and, since no Licensed Provider has been involved, will not include any information regarding the identity of a Licensed Provider.

Step c & e: Create Supply Point(s) and issue SPID(s) to Scottish Water [T002.1]

The CMA will create the Supply Point(s) and notify Scottish Water within 1 Business Day of allocating the Supply Point(s) to a Licensed Provider(s) (see step c, using Data Transaction T002.1 (Notify New SPID). This notification will constitute a request to submit the supporting information for the Supply Point(s) for which they are the Data Owner.

Step c: Allocate Supply Point(s) to Licensed Provider and notify SPIDs [T002.0]

The CMA will allocate the Supply Point(s) to a Licensed Provider(s) in accordance with the [Gap Site Allocation Process](#).

The CMA will notify the Licensed Provider(s) of the Supply Point(s) so allocated within 1 Business Day of receipt of the T001.0 in respect of that Supply Point(s), using Data Transaction T002.0 (Notify New SPID). This notification will constitute a request for that Licensed Provider(s) to submit a T003.0 (Partial Registration Application).

Step d: Submit Partial Registrations [T003.0]

The Licensed Provider(s) shall submit a Partial Registration Application using Data Transaction T003.0 (Partial Registration Application) within 1 Business Day of receiving the T002.0.

The CMA will load the data to the Central Systems

Step f: Update Chargeable SPID data [T006.2, T006.3, T029.1]

Scottish Water will notify the Service Element data no later than 10 Business Days of receiving the T002.1, using the Data Transactions T006.2 (Provide WS SPID Service Elements) and/or T006.3 (Provide SS SPID Service Elements), as applicable.

At the same time, it shall notify the CMA that the New Supply Points is affected by Scottish Water's meter installation programme using Data Transaction T029.1 (Set SPID Special Arrangements).

In the event that Trade Effluent Services are applicable, further information as to the data requirements and Data Transactions for those Service Elements can be referenced in CSD0206 (Trade Effluent Processes)

Step g: The CMA notifies the Licensed Provider(s) [T006.4, T006.5, T031.0]

Within 1 Business Day of receipt of the Data Transaction(s) at step f above, the CMA will load the data to the Central Systems and provide the data to the Licensed Provider(s) using Data Transactions T006.4 (Notify WS SPID Elements) and/or T006.5 (Notify SS SPID Service Elements), as applicable. The CMA shall also notify the EWA calculated for the Supply Point using the Data Transaction T031.0 (Notify EWA).

Steps h and i Update Licensed Provider owned SPID Data [T006.0, T006.1, T004.2]

The Licensed Provider(s) shall notify the SPID Data for which it is the Data Owner no later than 10 Business Day of receiving the T002.0 (Notify New SPID), using the Data Transaction T006.0 (Provide WS SPID Data) and/or T006.1 (Provide SS SPID Data), as relevant In the case of a Gap Site, the Rateable Value is required in order to complete the Partial Registration.

The Licensed Provider may also submit the YVe for the New Supply Point, using data Transaction T004.2 (Notify Meter Details)

The CMA will load the data to the Central Systems

Step j/k Update Connection Date [T007.0, T007.1]

In the case of a New Supply Point related to Water Services, Scottish Water will, no earlier than 10 Business Days and no later than 15 Business Days of receiving the T002.0 (Notify New SPID), confirm the Connection Date to the CMA using the Data Transaction(s) T007.0 (Notify Connection WS). The Connection Date for a New Supply Point(s) arising from a Gap Site shall be 5 Business Days after the Data Transaction T002.0 (Notify New SPID).

In the event that the Supply Point(s) relates to Water Services with associated Sewerage Services, the Connection Date notified at the Water Services Supply Point will be used at the associated

Sewerage Services Supply Point and the Sewerage Services Licensed Provider should not submit a Connection Date to the CMA in this circumstance.

If the Supply Point relates to Sewerage Services only, then the Sewerage Services Licensed Provider will, no earlier than 10 Business Days and no later than 15 Business Days of receiving the T002.0 (Notify New SPID), notify the CMA of the Connection Date, using Data Transaction T007.1 (Notify Connection (SS)).

The CMA will load the data into the Central Systems.

Decision I: Verify SPID Data complete & consistent

Once the Connection Date has been updated for the Supply Point(s), the CMA will run a data check on that Supply Point to verify that the SPID Data is complete and consistent. The data check will confirm that all SPID Data which must be present at a Supply Point has been submitted. SPID Data that is not relevant to all Supply Points, (examples would be the Large User Volume Indicator, or the Service Element for a field trough) will not fail the data check as an absence of this data means that SPID Data is not applicable to the Supply Point.

In the event that this data check is successful, the Partial Registration is complete and can be accounted for in the Settlement Process (step q).

In the event that the data check is unsuccessful, then the Partial Registration is not complete. The CMA will identify the cause of the failure, which may arise from the absence of a Partial Registration Application or other SPID Data. Some of these events may only be capable of remedy through the use of the Retrospective Amendments Process outlined in CSD 0106 (Error Rectification & Retrospective Amendments), which will incur an Additional Service Charge.

The CMA will request the outstanding data in respect of a Partial Registration from the relevant Data Owner. The Data Transaction T009.0 (Error/Notification) will be sent by the CMA to the Licensed Provider or T009.1 to Scottish Water which will itemise the Data Item(s) and the relevant error (e.g. missing). Whilst the Partial Registration remains in place, the Supply Point can not be accounted for in the Settlement Process and it is therefore imperative that the relevant Data Owner acts without further delay (see steps n and o).

Steps m and n: Supply required data

The Licensed Provider or Scottish Water will provide the data listed in the T009.0 or T009.1, as relevant, within 2 Business Days. In the event that this is not forthcoming, the Data Owner should contact the CMA immediately, failing which the CMA will escalate the matter to the Contract Manager for the Licensed Provider or Scottish Water, as relevant.

The CMA will monitor all Partial Registrations and, in the case of an ongoing failure to provide requested information, will report such failure to the CMA Board

In the event that a Retrospective Amendment is the only means of resolution, the matter should be progressed in accordance with CSD0105 (Error Rectification & Retrospective Amendments).

Step o: Load SPID data

Once the SPID Data requested has been received and checked, the Supply Point will be accounted for in the Settlement Process with effect from the Connection Date.

Decision p: Did Scottish Water notify Connection?

If Scottish Water notified the Connection Date (see step k), then the Licensed Provider(s) needs to be sent the connection details (see step q, below). If the Connection Date was notified by the Sewerage Services Licensed Provider, then the process ends here.

Step q: Advise Licensed Provider of Connection Date [T007.2]

The CMA will notify the Water Services Licensed Provider(s) of the Connection Date using Data Transaction T007.2 (Notify Connection). In the case of a Sewerage Services Supply Point associated with that Water Services Supply Point, the Sewerage Services Licensed Provider will be notified by the CMA of the Connection Date using the Data Transaction T007.2 (Notify Connection)).