

MARKET CODE CHANGE PROPOSAL				Draft Form Version 1.2
Market Code Change Proposal Ref (Assigned by CMA)		<b>MCCP040</b>	Version Number (Assigned by CMA)	<b>3.0</b>
Title of the change		Transfer Cancellations by Outgoing LP		
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:	Osprey Water Services Limited		Org ID if assigned:	Osprey
Signature:			Date:	3 <sup>rd</sup> February 2010
		Name:		Kevin Ensell
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:	Kevin Ensell	
		Email Address:	<a href="mailto:kensell@anglianwater.co.uk">kensell@anglianwater.co.uk</a>	
		Telephone and or Mobile:	07961 380372	
Number of Associated Documents	<b>01</b>	Name or link to documents	The Market Code has been updated. Marked up copy CSD 0301 (Attached0	
If the MCCP will also affect the Operational Code, an OCCP must also be raised				
Indicate if there is an associated OCCP		NO	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)				
Whilst this proposed MCCP is not urgent, the points raised are potentially a barrier to customer transferring and it is requested that this application is processed without delay.				
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)			

This MCCP is proposed to assist the process of an incoming LP transferring SPIDs.

The current LP for a SPID can cancel the transfer of a SPID to another LP on the basis of a current contract in term or an outstanding debt. This cancellation is reported to the potential incoming LP as a cancelled transfer, however there is no reason given to the prospective incoming LP for why the SPID transfer has been cancelled. This means the prospective incoming LP has no information to explain to the customer why the transfer did not go ahead and can lead to lengthy discussions with the outgoing LP and the customer to investigate and resolve the problem.

The outstanding debt criteria can have an extremely short timescale, particularly if payment terms and due dates are not specifically stated on an LP invoice, and/or if invoices are disputed, meaning transfers can be cancelled even in cases where the customer is not a genuinely a bad payer.

This MCCP seeks to address:

1. The notification process between the new LP, the CMA and the outgoing LP; and
2. The debt criteria required for a legitimate transfer decline

The implementation of the proposed changes will improve the transferring process and will help the development of competition within the market.

<b>B</b>	<p>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> <p>The Proposer should indicate which principles the change supports and whether there is any adverse effect on any principle(s).</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">a) Proportionality</td> <td style="width: 50%;">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> <p>b) The change supports the principles of transparency within the market by requiring more information to be shared between market participants.</p> <p>c) The change should be relatively simple and cost-effective to implement.</p> <p>d) The change is non-exclusive as it is relevant to all LP's.</p> <p>e) The change deals with potential barriers to entry by minimising delays to the transferring process.</p> <p>h) The proposal has no impact on Scottish Water's core functions or systems.</p> <p>There are no anticipated adverse effects on any of the market principles.</p>	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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<b>C</b>	<p>IMPACT – required under Market Code Part 8.7.1 (ii) (d), (f) and (g)</p> <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 style="width: 100%; border: none;"> <tr> <td style="width: 50%;">a) Central Systems</td> <td style="width: 50%;">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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The anticipated implications are:

Market Code Schedule 1 (definitions) and CSD 0301 would require updating.

There will be no effect on the Operational Code, the Wholesale Services Agreement or Licence.

- a) The Central Systems would need updating to require that if a transfer is being cancelled, that the reason for the cancellation is provided to the incoming LP i.e. current contract or outstanding debt. This would be done by making it a requirement to include the existing data item D4005 (cancellation code) in transaction T011.0 (notification of registration cancellation to incoming LP). To enhance this it would also be required to include a text comments field (D4003) which would be included in transactions T010.1 and T011.0 in which the outgoing LP could provide a more detailed explanation behind the cancellation reason code in T010.1 and this data would be passed to the incoming LP in transaction T011.0.
- b) Trading Party's Systems – note points above in a.
- c) CMA Interfaces / Processes – note points above in a.
- d) Trading Party's business processes – the outgoing LP would be required to provide a justification for why the rejection should be upheld. If this is for an outstanding debt, a standard summary table of information should be provided by e-mail to the CMA within 24 hours of the rejection from the incumbent LP to the new LP. This table should include as a minimum the following information:

SPID	
Reason for transfer rejection	
Date of invoice in dispute	
Total outstanding amount on account	
Original due date on invoice	
Date of reminder sent	
New due date specified in reminder	

D DRAFT LEGAL TEXT – required under Market Code Part 8.7.1 (ii) (d)

Osprey propose that the following text is updated in the Market Code Schedule 1 (definitions):

“Outstanding debt”

- (i) any debt properly due by a Customer of a Licensed Provider in respect of a Supply Point where the debt:-
  - a. has not been paid within 90 days of the date the invoice was transmitted or within 90 days of the due date, whichever is the latter;
  - b. has been demanded in writing by the Licensed Provider after the original due date setting a new due date for payment not less than five (5) Business Days after receipt of the written demand; and
  - c. has not been paid in full by the new due date; and
  - d. the Licensed Provider has not received a formal dispute from the Customer; or
- (ii) any sum not paid by a Customer of a Licensed Provider following allocation of Supply Point(s) to that Licensed Provider pursuant to Section 5.3.6 where the sum:-
  - a. has been demanded in writing by the Licensed Provider setting a date for payment on at least two separate occasions in each case allowing not less than five (5) Business Days after receipt of the written demand for payment; and
  - b. has not been paid in full by the last due date so notified;

The relevant sections of CSD0301 relating to transactions T010.1 and T011.0 would also require updating as per the attached marked-up text.

### 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

As soon as possible, within 6 months.

### 4. ANY OTHER COMMENTS

At the moment there is no method of establishing the reasons for any cancelled transfers and thus no established way of resolving the issues encountered when such cancellations occur.

The benefits of the proposed solution include:

- It involves only very small simple changes to the central system.
- It makes the definition of ‘outstanding debt’ clear so all parties know where they stand, and genuine bad payers can be clearly distinguished from other cases.
- It proposes a simple way of exchanging the relevant information to enable the parties involved to resolve any issues quickly and easily.
- Customers will benefit from fewer cancelled transfer applications and the ability to understand and resolve the reasons behind a cancellation when one does occur.

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](http://www.watercommissioner.co.uk/view_Directions.aspx))