

MARKET CODE CHANGE PROPOSAL				Draft Form Version 1.2	
Market Code Change Proposal Ref (Assigned by CMA)		MCCP043	Version Number (Assigned by CMA)	3.0	
Title of the change		Change to Customer Read submission timescales			
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:	Business Stream		Org ID if assigned:		
Signature:			Date:	11/03/10	
			Name:	Tom May	
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:			Tom May		
Email Address:			<a href="mailto:Tom.may@business-stream.co.uk">Tom.may@business-stream.co.uk</a>		
Telephone and or Mobile:			0131 445 8171		
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)					
This is not an urgent change but it is a simple market code change.					
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 change seeks to encourage the further use of Customer Reads in the market place. The current market code requirements makes innovation in this area challenging and discourage the use of Customer Reads because of the timescales involved.

The current 2 business day timescale is challenging to meet in comparison to the 4 business day timescales for Regular Cyclic Reads. Meeting the 2 business day timescale is difficult because:

- It requires near immediate turn around of the Customer Read, when realistically business activity means this may not be possible
- Validation is such that any rejection would see a Licensed Provider fail a performance measure

If for any reason a Customer Read fails validation and requires resubmission the Licensed Providers is faced with one of two choices:

- They re-process the read which will then fail its 2 business day time limit, and therefore attract a fine; or
- Not resubmit the read and fail because the process triggered has not been completed in 2 business days, therefore again attracting a fine.

The existing onerous timescales could create the wrong behaviours in the market which is negative for the market and its participants. The impact is that:

- Market functionality is not being fully exploited
- Eligible reads are missing from the market
- Settlement data and calculations are not as accurate as it could be
- The market does not have a true indication of the potential of Customer Reads
- The performance measure is stifling innovation and possibly creating cost inefficiencies
- Scottish Water does not have full view of consumption in the network because not all reads are being provided

We also believe the market will have to encourage more Customer Reads being used as customers demand this and because of the recent Full Business Metering programme. The market now has an additional c34,000 meters and most of these are internally fitted. In many cases it is customers who have easier access to these meters and will want to read their own meters to support water management.

We consider that an extension from 2 business days to 5 business days could deliver substantial benefits to settlement calculations and to market data. Following the Technical Panel meeting of 18 February 2010, we propose an extension to 5 business days for both Regular Cyclic Reads and Customer Reads. Performance measures produced by the CMA show that there appear to be some issues associated with Customer Reads between April and December:

- 143,842 Regular Cyclic Reads were submitted with a failure rate of 3.67%
- 537 Customer Reads were submitted with a failure rate of 49%
- Customer Reads account for just 0.37% of all market reads despite LPs being allowed to send in 10 per year for monthly customers and 1 per year for bi-annual customers
- Customer Reads account for 5% of all submission failures compared to just 0.37 of all reads

The above statistics highlight some of the opportunities associated with Customer Reads and show how the performance measures appear to penalise Licensed Providers disproportionately. We also believe that there is a latent potential, for example we believe we have around 12,000 Customer Reads since market opening. While we may not have chosen to send these reads for a variety of reasons, many eligible reads could have been sent through.

It is our belief that the number of reads submitted to the CMA could increase by at least 10,000 per annum within 18 months of a change in the performance levels. This would be driven by a change in Licensed Provider behaviour and would also be facilitated by the maturation of the market, and as part of the impact of Full Business Metering.

There may also have to be a drive / progression to an increase in customer read use in the market because of the Full Business Metering programme which has installed c30,000 internal meters. The ability to meet current market requirements is more challenging for internal meters and increasing Customer Reads at least mitigates the Central Systems having a complete dearth of Reads for these SPIDs.

It is difficult to know or quantify how this change would benefit settlement but it can only be positive in terms of the quantity and quality of read data.

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>This change being proposed is:</p> <ul style="list-style-type: none"> <li>▪ a very simple change and cost effective proposal</li> <li>▪ proportional ie the scale of the change will be beneficial when considering costs and benefits</li> <li>▪ a transparent change which is consistent for all LPs with a transparent benefit for Licensed Providers and Scottish Water</li> <li>▪ non discriminatory against any Licensed Providers</li> <li>▪ is beneficial for Scottish Water by providing more accurate consumption data</li> <li>▪ beneficial to the market by providing data for more accurate settlement calculations</li> <li>▪ a better use of Central Systems functionality</li> <li>▪ not exclusive to particular market participants in terms and could reduce barriers to entry</li> </ul>									
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 impact of the proposed change is noted below:</p> <ol style="list-style-type: none"> <li>1. there will be no impact on the Central Systems</li> <li>2. we do not expect there will be a negative impact on trading party's systems</li> <li>3. there may be a small impact (we assume) on the CMA new performance measure script for disaggregated reporting</li> <li>4. there will be positive changes required to Licensed Providers processes as they would have an extra two days to submit customer reads</li> <li>5. There would be a small change to Code Subsidiary Document 202</li> </ol>									
D	DRAFT LEGAL TEXT – required under Market Code Part 8.7.1 (ii) (d)								

**CSD0202**

**3. Meter Read Submission**

**3.1 Process Description**

**Step a – Submit Meter Read [T005.0, T005.1 and T17.0]**

All Meter Reads (with the exception of Meter Read Types E and O) should be submitted to the CMA using Data Transaction T005.0 or T005.1 (Meter Read), which must contain the Data Items listed against that Data Transaction under Section 4.3 of the Data Transaction Catalogue.

Meter Read Types E and O should be submitted to the CMA using Data Transaction T017.0 (Notify Swap Meter), which must contain the Data Items listed against that Data Transaction under Section 4.3 of the Data Transaction Catalogue.

The timescale for the submission of Meter Reads is,

- i in the case of Regular Cyclic Reads and Customer Reads, within 45 Business Days from the date the Meter Read is taken; and
- ii in the case of all other Meter Read Types, within 2 Business Days from the point of collection.

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