

MARKET CODE CHANGE PROPOSAL				Draft Form Version 1.2	
Market Code Change Proposal Ref (Assigned by CMA)		MCCP 049		Version Number (Assigned by CMA) Version 1.0	
Title of the change		Improved Detail in Respect of Settlement Calculations			
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:	CMA		Org ID if assigned:		
Signature:			Date:	10 th June 2010	
				Name:	David Nicol
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:			David Nicol		
Email Address:			david.nicol@cmascotland.co.uk		
Telephone and or Mobile:					
Number of Associated Documents	03	Name or link to documents	CSD0205 – extracts for MCCP049 CSD0206 – extracts for MCCP049 Schedule 1 Changes for MCCP049		
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)				

The CMA brought forward settlement changes for RF in March 2010. The new “RF” CSD 0207 described the settlement calculation in precise algebra. At that time the CMA took the opportunity to make some improvements to the CSDs which describe monthly settlement (CSD0205) and trade effluent settlement (CSD0206) – though the improvements were not aimed at bringing the same degree of algebraic precision to either the monthly or trade effluent settlement

This CSD further improves the description of both the monthly and trade effluent settlement, but again without bringing the descriptions of either up to the same standard as that of the RF description.

In particular it better describes:

- * charging during periods of vacancy and temporary disconnection;
- * the calculation of EWA; and
- * the calculation of Trade Effluent volumes

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)
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The Proposer should indicate which principles the change supports and whether there is any adverse effect on any principle(s).

- | | |
|--|---|
| 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 |

The CMA notes that the changes principally bring improvements in Transparency, by more accurately describing the calculations which underpin settlement.

Incrementally changing the CSDs is simple and cost effective. It reduces barriers to entry by making the charges payable by LPs more clearly visible. It is not detrimental to Scottish Water’s core functions.

C	IMPACT – required under Market Code Part 8.7.1 (ii) (d), (f) and (g)
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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:

- | | |
|----------------------------|---------------------------------------|
| a) Central Systems | c) CMA Interfaces/ Processes |
| b) Trading Party’s systems | d) Trading Party’s business processes |

Changes will be required to:

- * CSD0205 Sections 2.1.1 and 2.2.1 in respect of improved clarity re vacancy and temporary disconnection;
- * CSD0205 Section 2.2.1 - in respect of the EWA calculation;
- * CSD0206, Section 2.2.1 in respect of the Trade Effluent volume calculation;
- * the Section 1 of the Market Code - two new definitions in respect of the Trade Effluent volume calculations;
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D	DRAFT LEGAL TEXT – required under Market Code Part 8.7.1 (ii) (d)
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Changes to the Market Code, CSD0205 and CSD0206 are attached

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 as soon as reasonably practicable following Approval by the Commission

4. ANY OTHER COMMENTS

An example is provided for the EWA calculation. For the avoidance of doubt, this does not represent a change to the Central Systems – but rather a better explanation of the calculation which has always been carried out within the Central Systems.

Assume meter reads of:

25/03/2008	100
29/04/2009	700

and that that property was vacant for 100 days between these two days. The revision to the CSD clarifies that the period of vacancy is taken into account in calculating the Estimated Annual Volume. The calculation uses an advance of 600 on the meter (ie 700 – 100); and considers this over a period of 300 days (ie 400 days from 25/3/2008 to 29/4/2009 less 100 days of vacancy). This provides for an average advance of 2/day (600/300), and an Estimated Annual Volume of 730 units.

This calculation of estimated annual volume is consistent with the RF calculations; and provide for a better correlation between the monthly calculations and the RF calculation than if the period of vacancy were ignored. The CMA thus considers that the existing behaviour of the CS is correct,

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)