

| MARKET CODE CHANGE PROPOSAL | | | | Draft Form Version 1.2 | |
|--|--|---|--|--------------------------------|--|
| Market Code Change Proposal Ref (Assigned by CMA) | | MCCP052 | Version Number (Assigned by CMA) | Version B.3 | |
| Title of the change | | De-registration transaction flows | | | |
| 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: | | | Date: | 27/07/2011 | |
| | | | 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 | 04 | Name or link to documents | (see Part B) | | |
| If the MCCP will also affect the Operational Code, an OCCP must also be raised | | | | | |
| Indicate if there is an associated OCCP | | YES | OCCP Ref: CMA use only | OCCP030 Deregistration Process | |
| 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) | | | | | |
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| 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 market documents allow for Supply Points to be physically disconnected on a permanent basis, to reflect disconnection of the water supply. There is no separate process for Supply Points to be withdrawn from the market without an accompanying physical disconnection.

Withdrawal of a property from the market without a corresponding physical disconnection ('De-registration') is required in a number of scenarios including business properties which have become dwellings, duplicates, or Supply Points created in error, for example following the gap site process and which do not exist in practice. This change proposal concerns only Supply Points which are held in the Supply Point Register.

Current practice is that Permanent Disconnection transaction flows are used to effect de-registration of tradeable Supply Points. There are a number of issues with this approach:

- There is no record in the Central Systems of whether the existing transaction flows relate to a physical disconnection or a de-registration with the result that there are incomplete audit trails relating to de-registrations and no visibility of the volume of de-registrations in the market;
- When looking at the timeliness of transactions, it is not currently possible to identify which T015 (Declare Disconnection) transaction flows relate to physical disconnections and which relate to de-registrations which often have historic effect so that the transaction date may legitimately be considerably later than the effective date.

Current volumes of De-registration requests are approximately 75 per week.

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| 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).

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| 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 |

A new market process is proposed for De-registration of tradeable Supply Points along with corresponding changes to transaction flows. Following the CMA's impact assessment, as presented to the February 2011 Technical Panel, it is proposed that the existing T015 transaction flows would continue to be used but with the addition of a 'Disconnection/De-registration type' code to identify the nature of the disconnection or de-registration. The change would enable De-registrations to be distinguished from Permanent Disconnections, providing a more robust audit trail and greater transparency.

The addition of a 'Disconnection/De-registration Type' code to the transaction is proposed, distinguishing between physical disconnections, de-registration of Supply Points in settlement and de-registration of 'new' or 'partial' Supply Points (with reference to MCCP079). This would also allow for checking to take place the correct transaction was being used.

The applicability of Performance Standards to the revised T015 transaction flow would be discussed separately with the Commission.

The change supports the principles of:

- a) Proportionality - Deregistration is a significant requirement to support data cleansing. It is expected to be an enduring requirement in the market. This change would provide a robust and transparent process to support such activity.
- b) Transparency – the change would provide clear visibility of the volume of De-registrations which cannot currently be distinguished from Permanent Disconnections.

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| 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 |

The proposed change will require the addition of a new process, 'De-registration of a Supply Point' in CSD0104 Maintain SPID Data.

A change is proposed to section 5.7.2 of the Market Code to cover de-registrations as well as disconnections. An addition is also required to definitions in Schedule 1 of the Market Code.

Amendments will be required to CSD0301 Data Transaction Catalogue. The impact of the proposed change will be as follows:

- a) Central Systems – the change will require the creation of a new process in the Central Systems
- b) Trading Party's systems – the change will impact on the systems of those Trading Parties that use the High Volume Interface
- c) CMA Interfaces/Processes – the change will require the creation of new data transaction flows, available via both the High Volume and Low Volume Interfaces
- d) Trading Party's business processes – the change will impact on any existing business processes of Trading Parties relating to de-registration of Supply Points.

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| D | DRAFT LEGAL TEXT – required under Market Code Part 8.7.1 (ii) (d) |
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Detailed drafting for CSD0104, CSD0301 and CSD0002, covering both this MCCP and that for MCCP079, is available in Annexes 2, 3, and 4 respectively.

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)

| PART B –TP ASSESSMENT | | | | |
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| 1. ASSESSMENT PROCESS | | | | |
| a. | ASSESSMENT START DATE | 19/08/11 | ASSESSMENT END DATE | 20/09/11 |
| b. | IMPACT ASSESSMENT REQUIREMENT | IA REQUIRED | | |
| c. | CONSULTATION REQUIREMENT | TP CONSULTATION NOT REQUIRED | | |
| d. | ASSOCIATED DOCUMENTS (to this Part B) | Annex 1 User Requirements, Annex 2 CSD0104 Drafting, Annex 3 CSD0301 Drafting and Annex 4 CSD0002 Drafting | | |
| 2. ASSESSMENT DETAILS | | | | |
| a. | CHANGE SPECIFICATION AND IMPACT | | | |
| The specification of requirements for both this MCCP and for MCCP079 is given in Annex 1 (User requirements). | | | | |
| b. | DRAFT LEGAL TEXT (if different from that originally submitted) | | | |
| Drafting for both this MCCP and for MCCP079 is given in Annexes 2, 3 and 4. | | | | |
| c. | TP ASSESSMENT taking into account complexity, importance and urgency and having regard to whether or not such proposal is within the relevant Objectives and Principles as required under Market Code Parts 8.7.1 (v) and 8.8.1 (iv) | | | |
| Costs from IA; £26 495.94, covering both MCCP052 and MCCP079 Assessment; As identified above. | | Benefits; As identified above | | |
| 3. | TP DECISION | APPROVED | | |
| 4. | FINAL TP VIEWS | | | |
| 5. | PLANNED IMPLEMENTATION DATE | March 2012 | | |

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| WITHDRAWN BY PROPOSER? | NO |
| COMMENTS | |
| DATE OF WITHDRAWAL | |

| PART C – APPROVAL | | |
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| 1. | DATE FINAL REPORT ISSUED TO COMMISSION | 5 th . October 2011 |
| 2. | APPROVAL STATUS | APPROVED CHANGE / REJECTED |
| 3. | DATE OF APPROVAL STATUS | |
| 4. | COMMISSION RESPONSE REFERENCE | |

| PART D – IMPLEMENTATION | | |
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| 1. | IMPLEMENTATION DATE | |
| 2. | IMPLEMENTATION DETAILS (MC version, CSD versions, CMA Central System Release Number, etc.) | |
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