

OPERATIONAL CODE CHANGE PROPOSAL				Draft Form Version 1.2	
Operational Code Change Proposal Ref (Assigned by CMA)		OCCP 026	Version Number (Assigned by CMA)	Version 2.0	
Title of the change		Burst Allowance Process and Allowance Request Form			
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:	Pass signed copy to the TP Secretary before the start of the TP meeting at which the MCCP is to be presented; please remove this text.		Date:	05/05/10	
			Name:	Jessie McLeman	
Contact details for the Proposal - the contact should be able to deal with queries regarding this Operational 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	01	Name or link to documents	Annex 1 OCCP026 – Allowance Request Form N v2.0.doc		
If the OCCP will also affect the Operational Code, an MCCP must also be raised					
Indicate if there is an associated MCCP	Yes		MCCP Ref: CMA use only	MCCP039 (Burst allowances & Meter Accuracy tests)	
URGENT – IF PROPOSER HAS INDICATED THIS OCCP IS URGENT, STATE REASONS HERE					
The CMA Chief Executive will review this information and make a decision as to whether to take this OCCP forward as urgent as defined as under Market Code Part 8.8.1 (ii) (e)					
2. OPERATIONAL CODE CHANGE PROPOSAL DETAILS					
A	ISSUE or DEFECT WHICH THIS OPERATIONAL CODE CHANGE PROPOSAL SEEKS TO ADDRESS required under Market Code Part 8.8.1 (ii) (b)				
In certain circumstances where a burst in a water pipe has occurred which has been the responsibility of Scottish Water and which has resulted in excess billed consumption, a burst allowance is appropriate to reduce wholesale charges accordingly.					
Scottish Water has published a Wholesale Burst Allowance Policy to Licensed Providers setting out the circumstances in which an allowance will be granted but no arrangements currently exist in the Operational Code					

setting out how applications for burst allowances are to be processed.

A new process in the Operational Code is proposed, consistent with the existing processes 26 and 27 which deal with fire-fighting allowances and non-standard non-return to sewer allowances respectively. A separate MCCP paper was submitted to the last Technical Panel on 22 October 2009 proposing arrangements for administering burst allowances at the CMA.

In addition, processes 26 and 27 state that the Licensed Provider must submit an application for the respective allowance. An allowance request form is proposed to be used in support of the existing processes and the proposed new burst allowance process.

B	DESCRIPTION OF NATURE AND PURPOSE OF THE CHANGE AND HOW IT MEETS THE OPERATIONAL CODE OBJECTIVES AND PRINCIPLES FOR THE MARKET DOCUMENTS required under Market Code Part 8.8.1 (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 change supports the principles of transparency and simplicity, cost-effectiveness and security by providing a defined process for burst allowance applications.

C	IMPACT – required under Market Code Part 8.8.1 (ii) (f)
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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 impact on the Central Systems should be minimal but is covered explicitly in a separate MCCP – Adjustments to Volumetric Charges for Burst Allowances and Meter Accuracy Tests

The impact on Trading Party's systems should be low.

The impact on the CMA's Interfaces/Processes should be minimal but is covered explicitly in a separate MCCP – Adjustments to Volumetric Charges for Burst Allowances and Meter Accuracy Tests

There may be some impact on Trading Party's business processes as the change sets out the arrangements for submitting burst allowance applications. However, the process is consistent with the existing processes for other types of allowance and is consistent with the way in which any burst allowances have already been processed prior to this change. On that basis, the impact is expected to be low.

D	DRAFT LEGAL TEXT – required under Market Code Part 8.8.1 (ii) (d)
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Allowances

General Introduction

Processes 26 – 27A set out the procedures to be followed when applying for a fire fighting allowance, a burst allowance, a non-return to sewer allowance and the reassessment of an unmetered Supply Point.

Allowances

Process 26 – Fire Fighting Allowance

Purpose and scope of Process 26: -

This Process sets out the operational arrangements which apply where, in accordance with the Wholesale Charges Scheme, a Licensed Provider applies to Scottish Water for an allowance in respect of the charges paid by them for Water and/or Sewerage Services where a proportion of such services, supplied to their Non-Household Customer's Premises, are utilised for fire fighting,

testing of fire apparatus or equipment for fire fighting training purposes.

Process:-

Step 1

The Licensed Provider submits an application form (Form N) for a fire fighting allowance to Scottish Water, together with supporting information, in accordance with the Wholesale Charges Scheme.

Step 2

Within 20 Business Days of the Licensed Provider's submission, Scottish Water will (i) accept the submission; or (ii) reject the submission; or (iii) propose an alternative allowance, at all times providing reasons in writing to the Licensed Provider of its decision.

Step 3

If the Licensed Provider wishes to raise a Dispute in relation to Scottish Water's decision, they may do so in accordance with the provisions of Part 3 (Disputes) of this Code.

Allowances

Process 26A – Burst Allowance

Purpose and scope of Process 26: -

This Process sets out the operational arrangements which apply where, in accordance with the Wholesale Charges Scheme, a Licensed Provider applies to Scottish Water for an allowance in respect of the charges paid by them for Water and/or Sewerage Services where a proportion of such services, supplied to their Non-Household Customer's Premises, are related to excess consumption caused by a burst which was the responsibility of Scottish Water.

Process:-

Step 1

The Licensed Provider submits an application form (Form N) for a burst allowance to Scottish Water, together with supporting information, in accordance with the Wholesale Charges Scheme.

Step 2

Within 20 Business Days of the Licensed Provider's submission, Scottish Water will (i) accept the submission; or (ii) reject the submission; or (iii) propose an alternative allowance, at all times providing reasons in writing to the Licensed Provider of its decision.

Step 3

If the Licensed Provider wishes to raise a Dispute in relation to Scottish Water's decision, they may do so in accordance with the provisions of Part 3 (Disputes) of this Code.

Allowances

Process 27 – Non-Return to Sewer Allowance

Purpose and scope of Process 27: -

This Process sets out the operational arrangements which apply where, in accordance with the Wholesale Charges Scheme, a Licensed Provider applies to Scottish Water for an allowance in respect of the charges paid by them for Sewerage Services where the volume of water returned to sewer can be shown to be below the threshold provided for in the Wholesale Charges Scheme.

Process:-

Step 1

The Licensed Provider submits an application form (Form N) for a non-return to sewer allowance to Scottish Water, together with supporting information, in accordance with the Wholesale Charges Scheme.

Step 2

Within 20 Business Days of the Licensed Provider's submission, Scottish Water will (i) accept the submission; or (ii) reject the submission; or (iii) propose an alternative allowance, at all times providing reasons in writing to the Licensed Provider of its decision.

Step 3

Within 2 Business Days of granting the allowance, Scottish Water will notify the Central Market Agency of the extent of the allowance in accordance with the Market Code.

Step 4

If the Licensed Provider wishes to raise a Dispute in relation to Scottish Water's decision, they may do so in accordance with the provisions of Part 3 (Disputes) of this Code.

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 Operational Code following Approval by the Commission

4. ANY OTHER COMMENTS

The full text of the objectives and principles for the Operational 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/Comp/ServiceDirections.asp>)