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**New Retail Areas Stakeholder Group: Connections working paper**

## **Connections Activities**

### **Background**

On 22 April 2010, the first workshop of the New Retail Areas Stakeholder Connections Group was held. At the workshop, a productive discussion took place on the current position with regard to new connections, disconnections and building water. Market participants and customers shared their experiences on these activities. They also expressed what they considered to be working well and what needs to be improved.

Following the conclusion of the workshop, the Commission has incorporated feedback received from stakeholders into our draft proposals. We have set out our proposals below with the intent of facilitating discussion at the next workshop of the Stakeholder Group in June 2010.

### **Connections Activities Proposals**

During the Stakeholder Group workshop, themes emerged as to participants' main concerns. Concern was expressed over the lack of information during some phases of the different connections processes. Participants also said that they would like to have more control and choice during the connections process. Keeping these themes in mind, our proposals have been grouped below along similar lines.

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## **1. Better Information**

During the workshop, customers and Licensed Providers stated that the information available during the new connections process could be improved. Both felt they were “in the dark” at different points of the process. For example, customers did not know the status of their application once submitted or how long it would take until it was approved.

Similarly, Licensed Providers did not have this information to answer their customers' questions when they called. Participants at the workshop also commented that the information available before an application was submitted to Scottish Water is not as good as it could be and they would like to see this area improved.

### **Improved access to information before an application is submitted**

Currently, a large number of applications for new connections are rejected and are required to be resubmitted. It seems that some customers are unsure what information they are required to submit to Scottish Water as part of their application. Other customers have difficulty determining where they should make their connection. These issues often result in applications being rejected, resulting in lost time and additional cost for customers.

We therefore propose additional information be made available to customers before they submit their application for a new connection to Scottish Water. Customers should have access to all the information they need in order to make designing their connection as easy as possible. Improved information should increase the number of applications approved on first submission, and also reduce the ‘back and forths’ between Scottish Water and Licensed Providers. Specifically:

- Network information will be made available more readily to Licensed Providers. This will be along the lines of what will be available for Section 29e applications.
- A SACDP “data room” will be created to provide improved capacity information – there will be access to those who are accredited by Scottish Water.
- Licensed Providers will be free to develop sample or template applications (approved by Scottish Water) to assist their customers.

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**Improved information while the application is being processed**

Both customers and Licensed Providers commented at the workshop that they are often in the dark on the status of applications once they are submitted to Scottish Water. If a customer calls their Licensed Provider to enquire how long it will take to approve an application, the Licensed Provider does not currently have access to the information needed to answer that question immediately.

A method of sharing information between Scottish Water and Licensed Providers will therefore be developed. This will take the shape of a "portal" or other technological solution, allowing Licensed Providers to check the progress of their customers' applications in real time. By providing Licensed Providers with status updates on the progress of applications, customers should receive much better service. We note that developers often have tight timescales and this should therefore be of great benefit for them.

In order to assist with the work in this area, a time and motion study will be undertaken on Scottish Water's internal processes for assessing and approving new connections applications. It will focus on handoffs and timescales amongst other areas. It will also look into where and how the information used in the process is stored. This study will result in recommendations on how to make the process more efficient and provide a baseline for determining how further information can be provided to Licensed Providers and customers.

To summarise our proposals:

- A method will be developed to allow Licensed Providers to access information on the progress of applications for new connections they submit.
- At a minimum, it will provide which stages of the approval process have been completed and which still remain. It will also say who the application is currently with at Scottish Water.
- A time and motion study of Scottish Water's application process will be conducted to assist with determining whether efficiency gains can be made.

**Improved information for building water applications**

At the workshop, it was commented that the process for applying for building water is a considerable source of complaint from customers. Some customers are unsure when they should apply for building water. Often an application for a new connection will be delayed

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because a customer has not previously applied for building water. In other cases, a customer does not need or use building water, they use tanker water for example, but their new connections application is held up because Scottish Water has no record of them applying for building water.

Customers who do not use building water from Scottish Water's network should not have to apply for building water just to get their permanent connection. These customers should therefore be able to sign a declaration when submitting their application for a permanent connection, stating they will not be using water from Scottish Water's network for building water. This statement will then allow their connection application to proceed as normal.

Additionally, the relationship between applying for building water and applying for a new connection will be clarified. Specifically:

- We propose to remove the separate building water and connections applications.
- The application for building water will be built into the connections application.
- As part of that change, customers who legitimately do not intend to use water from Scottish Water's network as building water will be able to sign a declaration stating such and have their new connection application proceed as normal.

## **2. More Choice and control**

During the workshop, Licensed Providers highlighted that some phases of the new connections process are out of their control. If a problem arises for their customer, there is therefore little they can do to correct it. Licensed Providers expressed a desire to have greater control of the process.

As Licensed Providers are the party with a direct relationship with customers, they have the strongest incentive to provide the best level of service. In response to these comments, we propose the following changes to provide customers and Licensed Providers with a greater degree of choice.

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**Licensed Providers can decide when a physical connection is made**

Licensed Providers stated they are often in the dark when it comes to the scheduling of the physical connection by Scottish Water. Scottish Water's contractor will contact the customer directly to schedule when the work will be done, leaving the Licensed Provider uninformed. Similarly, Scottish Water stated that often their contractor will arrive at a customer's site and find that it is not possible to make the connection at that time. This could be due to the site not being ready or road works permission not being secured.

We therefore propose that Licensed Providers will be responsible for scheduling when connections will be made. Licensed Providers are in the best position to work with their customers to schedule any work when it is convenient for the customer. Licensed Providers can also work with their customers to ensure they are ready for the connection to be made. By having Licensed Providers take on this responsibility, customers should receive better and more responsive service. It should also reduce the number of unnecessary contractor call outs.

In summary:

- Scottish Water will continue to approve applications for new connections.
- Licensed Providers will take over the process of scheduling when the physical connection will be made with their customer and the contractor.

**Licensed Providers can choose who will make a physical connection**

In addition to Licensed Providers having the responsibility to schedule when the physical connection is made, we propose that Licensed Providers be responsible for choosing the contractor who will make that connection, thus increasing competition in this area. Customers should benefit in through a combination of lower costs, better service, and increased flexibility.

Scottish Water will therefore develop an accreditation program for contractors to be able to make physical connections to their network. This will ensure those undertaking any work have the expertise to safely make the connection. Licensed Providers will be able to gain this accreditation if they wish.

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Licensed Providers will then be able to choose approved contractors who offer lower prices. They will also be able to choose the contractor who will offer the best service for their customer's particular needs. Customers with tight timelines will have the ability to have their connection made more urgently if needed. In addition, by having Licensed Providers responsible for when and who makes the physical connection, the responsible parties in the new connection process will become clearer to customers, a concern expressed at the stakeholder group.

In summary:

- Scottish Water will implement an accreditation program for contractors to make the final connection to the network.
- Licensed Providers will be able to pick a contractor from anyone who is accredited by Scottish Water.
- If the Licensed Provider is accredited, they may do the work themselves if they so wish.

### **Licensed Providers will be able to choose who will make disconnections**

At the stakeholder workshop, it was highlighted that disconnections are not cheap and that it is not possible to collect payment at the time of disconnection (of particular relevance in the case of disconnections due to non-payment).

In order to address both points, we propose that Licensed Providers be able to choose who will make temporary disconnections. By having an agent of the Licensed Provider be the one to make the disconnection, customers will have one final opportunity to make a payment and avoid being disconnected. In the same way that we propose allowing Licensed Providers to choose the contractor they wish to make a physical connections, giving Licensed Providers the responsibility for disconnections should increase competition in this area and reduce costs.

Scottish Water will therefore develop an accreditation program for contractors to be able to make temporary disconnections from the network. This will ensure those undertaking any work have the expertise to safely perform the disconnection. Licensed Providers will be able to gain this accreditation if they wish.

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In summary:

- Licensed Providers will be able to pick the contractor to make temporary disconnections from anyone who is accredited by Scottish Water, or they may do it themselves if they are accredited.
- Licensed Providers will have the option of collecting payment on site.

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## **Implementation**

We recognize that some of our proposals are more complex than others and will require more time for market participants to be able to implement them. It is therefore our intention that proposals that can be put into practice most easily would be done as early as possible to allow the benefits of the proposals to begin to accrue. Other proposals would be implemented over a longer timeframe.

## **Short Term**

We believe that some of our proposals could be implemented quickly as implementation would be relatively inexpensive and straightforward.

The following proposals are envisioned to fall under this scenario:

- Building water applications being joined with new connections applications.
- Customers who do not use building water being able to sign a declaration to that fact and have their connection applications proceed as normal.
- Sample and template connection applications are developed.

## **Medium Term**

The following proposals are envisioned to take longer to implement but are expected to be ready by the beginning of the next financial year:

- Method to allow Licensed Providers to access information on the progress of applications for new connections.
- An accreditation scheme for contractors to make physical connections and temporary disconnections developed by Scottish Water.
- Licensed Providers become responsible for when and who will make physical connections.
- Licensed Providers become responsible for when and who make temporary disconnections.
- Licensed Providers are able to accept payment on site during a disconnection.

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**Longer Term**

Finally, some of our proposals are more complicated and will require additional time to implement. They may require structural changes or major IT system changes. These proposals may not be fully implemented by the beginning of the next financial year. In some cases, intermediate solutions may be available.

- "Data room" for network and capacity information.