# Operational Code Change Proposal

## Ref: OCCP 025 - Version Number (Assigned by CMA) 1.0

### Title of the change

Proposed New Sub-Section in Process 19 addressing Reactive Activities

## 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.

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<thead>
<tr>
<th>Company</th>
<th>Org ID if assigned:</th>
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<td>Scottish Water</td>
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<tr>
<th>Signature</th>
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<td></td>
<td>13/10/09</td>
<td>Jessie McLeman</td>
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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:** Jessie McLeman
- **Email Address:** Jessie.McLeman@scottishwater.co.uk
- **Telephone and/or Mobile:** 07875 872123

If the OCCP will also affect the Operational Code, an MCCP must also be raised:

- **Indicate if there is an associated MCCP:**
- **MCCP Ref:**
- **CMA use only:**

**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)**

Processes 19 and 20 of the Operational Code set out Scottish Water’s obligations to Licensed Providers when dealing with Planned Activities and Unplanned Changes to Services respectively. Scottish Water undertakes a wide range of activities in maintaining and enhancing the supply network. Experience of operating the processes has exposed gaps in the definitions set out in the Operational Code which have caused confusion between Trading Parties. Scottish Water would therefore like to propose a change to the Operational Code to better reflect the range of operational eventualities which occur.

The confusion relates to treatment of activities which are necessarily reactive in nature.

The approach set out in this Change Proposal has been discussed with Licensed Providers and applied on an informal basis. This Change Proposal formalises those arrangements.
**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)

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

- a) Proportionality
- b) Transparency
- c) Simplicity, cost-effectiveness and security
- d) Non-exclusivity
- e) Barriers to entry
- f) Customer contact
- g) Non-discrimination
- h) Not detrimental to Scottish Water’s core functions

**Proposed New Sub-Section in Process 19 addressing Reactive Activities**

Scottish Water is required to undertake reactive activities on its network, with the potential to affect Water and Sewerage Services. These are not explicitly defined within the current version of the Operational Code. Scottish Water proposes to introduce a new sub-section to Process 19 setting out the arrangements for work that has to be planned at very short notice.

The proposed changes to Operational Code Process 19 would support the principle of transparency and avoid practices that could be detrimental to Scottish Water’s core functions.

Such activities are conducted in reaction to operational issues occurring on the network from time to time, which are not causing a disruption to Water and Sewerage Services at that time (otherwise they would be treated as Unplanned Changes under the Code), but if left unattended may subsequently cause disruption to customer’s supplies or the general public. The activities undertaken do not form part of a planned ‘programme of work’ as considered within the Short Term Planning section of Process 19. Examples of such reactive activities are:

- Small-scale leaks which, although not causing interruptions to customer’s supplies, need to be addressed to prevent damage to infrastructure, to minimise health and safety risks to the general public, and to support achievement of regulatory leakage targets;
- Permanent repairs to Scottish Water’s assets where a temporary repair has already taken place to restore a customer’s supply in the short term following an Unplanned Change;
- Remedial activities to address potential high-risk operational issues identified in the course of other activities. For example, when carrying out planned activities Scottish Water may identify badly degraded assets which are at high risk of failure in the near future with the potential to impact on services to customers and/or cause further damage to Scottish Water’s assets or other third party infrastructure; and
- Replacement of network equipment which has failed but which is not resulting in immediate loss of supply to customers.

Established practice in conducting these activities previously has been to provide 48 hours’ advance notice to customers affected where the interruption is planned to last more than 4 hours.

It is therefore proposed that a consistent approach is adopted and that Scottish Water provides 48 hours notice to Licensed Providers of any activities which are not part of a programme of work (and therefore not a Short-Term Planned Activity) but which are expected to disrupt Water and Sewerage Services to customers for more than 4 hours. Correspondingly it is proposed Process 19 be expanded to include a further sub-section to cater for reactive activities and events needing resolution, outlining the notification to be provided. A draft of the proposed changes to the Operational Code is included in section D of this form.

**C** IMPACT – required under Market Code Part 8.8.1 (ii) (f)

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

The proposed changes will not impact on Central Systems or CMA Interfaces or Processes. There may be some impact on Licensed Provider’s systems or business processes to incorporate the changes to the categorisation of planned and unplanned activities. However, the proposed changes are intended to clarify categorisation under Operational Code processes and have been designed in line with existing market documents to minimise any impact.

In the interests of clarity, ‘Reactive’ activities are defined under the proposed new Process 19 – Planned Activities, and are subject to the standards set out in Schedule 4 Paragraph 3 of the Wholesale Services
The implementation of these changes will not affect other areas of the Operational Code or other market framework documents.

**Planned Activities and Affected Services**

**General Introduction**
Process 19 deals with the long-term planning and short-term planning and reactive activities carried out by Scottish Water in relation to the provision of Water and Sewerage Services.

**Planned Activities and Affected Services**

**Process 19 - Planned activities**

**Purpose and scope of Process 19:**

Scottish Water, in respect of the provision of Water and Sewerage Services, requires to undertake long-term planning and short-term planning and reactive activities. This Process sets out the activities that should be undertaken by Scottish Water.

**Process:**

**Long-term Planning process**

**Step 1**
By 31 March each year Scottish Water will produce and send to the Licensed Provider a long-term investment plan giving details of its future plans. These plans will provide:

- high level indications of work, including the nature of the work and the geographical areas;
- more detailed information about the programme of work, including specific geographical areas (by post code to the first 4 digits), the nature of the work, and the likely level of any disruption to water supplies or sewerage for the then current regulatory control period.

The Licensed Provider may make comments on Scottish Water's plan. Scottish Water will reasonably consider and, where appropriate, incorporate the Licensed Provider's comments in accordance with its Consultation Code under the 2002 Act.

**Step 2**
Scottish Water will provide to the Licensed Provider quarterly updates to its long-term plan.

**Short-term Planning process**

**Step 1**
Scottish Water will inform and update Licensed Providers each week on a rolling basis by electronic means of specific activities at least 22 Business Days in advance of the start date chosen to implement programmes of work, where the specific activities have the potential to affect Water or Sewerage Services provided to Non-Household Customers by the Licensed Provider.

The information will specify the geographical areas affected by full post code, the nature of the work, and the likely impact on Water and Sewerage Services delivered and will state any alternative arrangements that Scottish Water propose in order to maintain Water and/or Sewerage Services where such services are expected to be lost for more than 4 hours.

Where any planned activities may have a particular impact on specific types or classes of Non-Household Customers, such as Sensitive Customers (more particularly described in the Non-Household Customer Classification section of this Code) Scottish Water will give Licensed Providers additional information in relation to these activities.

For any major interruption to services, Scottish Water will prepare a contingency plan for the work taking longer than planned and to cover for any unexpected complications.

**Step 2**
Licensed Providers may make comments on Scottish Water's plans within 5 Business Days of their date of issue. Scottish Water will reasonably consider, and, where appropriate, incorporate the Licensed Providers comments and will reissue their plans at least 20 Business Days in advance of the proposed programme of work.
Step 3
Scottish Water can then only modify the proposed date of work by agreement of all the Licensed Providers concerned (insofar as it affects their customers) or no later than 48 hours in advance (otherwise Step 1 applies).

Reactive Activities
Step 1
Reactive activities are those activities that do not form part of a programme of work (which are covered under the short-term planning process) and are not required in order to restore normal services due to Unplanned Changes to Water and/or Sewerage Services, which are covered by Process 20 of this Code. Scottish Water is required to undertake reactive activities in order to: avert potential public health and safety risks; avert potential interruptions to services; prevent damage to the Network or third party infrastructure and prevent unnecessary wastage of water.

Step 2
Scottish Water will inform and update Licensed Providers by electronic means of specific activities at least 48 hours in advance of the time chosen to commence such activities where they have the potential to affect Water or Sewerage Services provided to Non-Household Customers by the Licensed Provider and where such services are expected to be lost for more than 4 hours.

The information will specify the geographical areas affected by full post code, the nature of the work, the time when the supply is planned to be restored and the likely impact on Water and Sewerage Services delivered.

Where any planned activities may have a particular impact on specific types or classes of Non-Household Customers, such as Sensitive Customers (more particularly described in the Non-Household Customer Classification section of this Code) Scottish Water will give Licensed Providers additional information in relation to these activities.

For any major interruption to services, Scottish Water will prepare a contingency plan for the work taking longer than planned and to cover for any unexpected complications.

Step 3
Scottish Water can then only modify the proposed time of work by agreement of all the Licensed Providers concerned (insofar as it affects their customers) otherwise step 2 applies.

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)