

Settlement and registration: the CMA

Jeremy Atkinson

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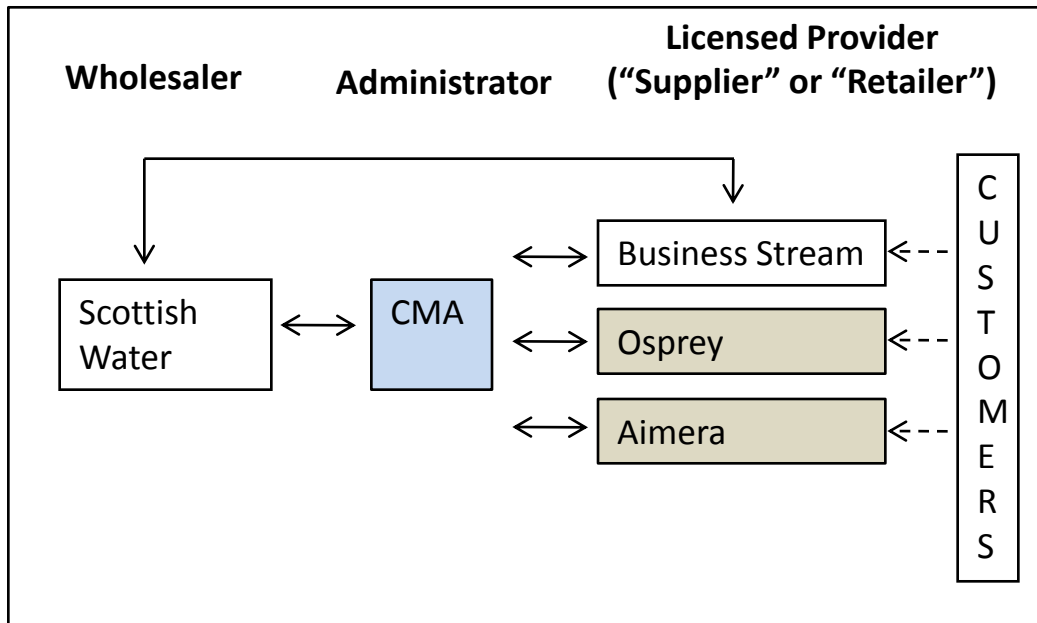
1. Overview

- What is the CMA and what does it do?
- How does the CMA function?
- How was the CMA established?
- How are companies involved?

2. What is the Central Market Agency?

- The CMA is the market administrator, set up as part of the competitive market arrangements
- It has three defining features:
 - It is independent
 - It is a CLG whose members are the market participants
 - It is funded by the market and is not for profit

3. What does the CMA do?



- **Coordinates** – provides a structured framework for communications between the Wholesaler and Retailers
- **Keeps records** – records which Licensed Provider provides which customers with what services
- **Carries out calculations** – calculates the wholesale charges owed by each Licensed Provider to Scottish Water

4. How does the CMA Function?

- An operational description:
 - The CMA operates the Central Systems to administer the market
 - It runs supporting business processes, some systematized and some manual
 - It provides a secretariat service to facilitate change in the market
- A structural description:
 - The CMA has a small office of professionals managing a suite of contracts

5. How was the CMA established?

There were three streams of work:

- Company formation
 - Legal incorporation, bank accounts, VAT registration etc – Autumn 2007
- Developing the competencies to match Market Code requirements
 - Technical function
 - Contractor management function
 - Stakeholder management function
- Contracting with service providers
 - Initially, novation of the single contract from Commission to CMA
 - Subsequently, development of the contractor model and letting of a suite of contracts

6. How are the companies involved?

- Market participants are involved through the CMA Board
 - strategic management of the company to deliver Market Code obligations
 - nominations from Scottish Water and Licensed Providers
- Market participants are involved through the Technical Panel
 - changes to market rules and the Central Systems
 - all market participants and the Commission are members of the Technical Panel