



Gap site incentive scheme

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1. Purpose

In response to Ofwat's directives and as part of our PR19 commitment we have decided to introduce a gap site incentive scheme which will enable us to accurately account for consumption and therefore assist us with our overall aim of reducing leakage to 570 mega litres per day by 31st March 2021.

The scheme is in line with the Retailer Wholesaler Group (RWG) Gap Site Incentive Scheme Good Practice Guide which is designed to bring together one standard industry document that sets out the administrative arrangements. These arrangements apply where we offer a financial incentive in relation to gap sites that are identified by you, and you seek to claim an incentive payment in respect of the successful registration of that gap site in the market.

2. Key principles

- This policy will be compliant and consistent with the Wholesale Retail Code
- This policy will align to the RWG Gap Site Incentive Scheme Good Practice Guide where reasonably practical.
- Charges must be fair, transparent and effectively communicated to our stakeholders.
- Charges must not show undue preference or undue discrimination to any stakeholder.

3. Who the policy applies to

The gap site incentive scheme policy covers various stakeholders in relation to the following:

- The provision of charges to the retailer in relation to the Wholesale Tariff Document
- The year one allowance
- Treatment of erroneous applications.
- Information to be supplied by the applicant.

4. Responsibilities

We will review this policy annually in line with the gap site incentive scheme service and in line with any changes that may be made to the RWG Gap Site Incentive Scheme Good Practice Guide and/or market codes.

5. Procedure

In order to participate in the Gap site incentive scheme, you must be eligible. For information regarding eligibility as well as any restrictions, please refer to our Wholesale Service Offering where this is explained in detail.

When submitting your application, you must complete all mandatory fields on the C/02 form or where you are unable to do so, explain the reason(s) why. We will review this and if we do not receive all the mandatory information in order to process your application successfully, we will defer the application for 10 business days until you provide all the required information to us. If you do not provide this information and the permitted deferral period has elapsed the case will be rejected, and we will treat this as a wholesaler led gap site application. You will therefore not be able to resubmit the original application at a later date and we will not make any initial payment or other allowances to you.

When applying, you must make appropriate effort to survey the site where necessary in order to provide accurate meter location, size, model, meter reading and serial number details or determine that no meter exists at the premises.

If you wish to challenge the initial payment received, you must do so within 10 business days. We will respond to your challenge within 10 business days resulting in one of two possible outcomes, the original payment is correct and will stand, or we support your challenge and will calculate and make a revised initial payment to you in accordance with the terms of the scheme in our Wholesale Service Offering.

If you wish to challenge the year one allowance, you must do so within 10 business days of receiving notification of the year one allowance. We will respond to your challenge within 10 business days resulting in one of two possible outcomes, the original allowance is correct and will stand, or we support your challenge and will calculate and make a revised initial allowance to you in accordance with the terms of the scheme in our Wholesale Service Offering.

An erroneous application is one where we can clearly identify the premises as being registered in Central Market Operator System (CMOS) without the need to perform a site visit. You must perform your due diligence and research prior to applying for a gap site incentive. If we then recognise this to be erroneous, we may charge a fee for the administration costs we have incurred in dealing with this application.

An application for a gap site is considered a duplicate when either another retailer has already applied, or we have already identified this through our wholesaler led process. Where we receive duplicate applications from retailers for the same potential gap site, we will only make an initial payment to the first successful request made.

We will publish our duplicate register which will display all the gap sites in progress either as Wholesaler led or submitted by other retailers so you can use this to ensure you are not submitting a duplicate request. This will be updated by us once a week to ensure

transparency and accuracy. Our duplicate register can be found on the MOSL SharePoint facility.

In the unlikely event that earlier gap site submissions are missed from the duplicate register where you have also made an application for the same gap site, we will honour the initial payment but not the year one allowance to you.

With effect from 1 October 2020 for a period of 6 months there will be no administrative fee associated with any applications received, as this is the first year of the new scheme in the market it allows you to become accustomed to the process. Charges and fees will be applied after the 6 months has elapsed.

We will apply a 50% allowance against your first year's water and/or wastewater primary charges minus the value of the initial payment, this will be subject to the conditions outlined in our Wholesale Service Offering. This will include VAT where applicable and will be managed in accordance with HMRC guidelines. Where you fail to meet any of the conditions you may not receive the year one allowance, or you may only receive a partial allowance depending on the circumstances and the outcome of any investigation we have undertaken on each individual application.

If at any stage, we identify any intentional erroneous behaviour which influences the year one allowance transaction to you, we will investigate further, and we will recover from you part or all of the year one allowance where applicable.

If we identify a supply point which has been previously deregistered in error from the market, this will not be deemed an eligible gap site under this policy if recognised within 40 business days of the erroneous deregistration.

Where a premises has successfully been identified as a gap site but is flagged in the market as vacant, you will be entitled to the initial payment, but we will not make an allowance payment based upon volumetric usage of water and/or wastewater.

Where the Year One Allowance is due, If the amount of the allowance is less than or equal to the original initial payment that we have made to you we will not credit any Year One Allowance.

When we calculate the Year One Allowance, we will deduct any other outstanding allowance(s) that have been issued or that you may be due for the associated 12-month period. If we receive a request for a further allowance(s) from you after the initial 12-month period but relating to the previous qualifying 12 months, we will review this and either proceed with the allowance or reject this on the basis we have already provided you with this within the Year One Allowance payment. We will also review on a case by case basis any specific adjustments that need to be made that may have an impact on the Year One Allowance being granted.

For any gap site application that involves the use of water for building works, this will not qualify for the Year One Allowance payment.

6. Further information

If you have a concern about any issues relating to our Gap Site Incentive Scheme performance or management arrangements, or you have a question about this policy you can speak to the policy owner or the Contract & Account management team.

7. Nomenclature

- Where the word 'you' is used this in reference to our stakeholders.
- Where the word 'we' or 'us' is used this in reference to TWUL Wholesale Market Services.

8. Definitions

- **Wholesale Service Offering**-Setting out the operational arrangements between TWUL Wholesale and licensed retailers in connection with the provision of water and wastewater services.
- **Central Market Operator System**- The central information database and charges engine operated by the market operator MOSL.
- **Wholesale Tariff Document**-The document required under the Wholesale-Retail Code that contains all the pertinent information for our primary charges, non-primary charges and any associated terms and conditions.
- **Wholesale Retail Code**-The code of that name issued by the Authority under sections 66DA and 117F of the Water Industry Act 1991 including, without limitation, the Wholesale Contract, the Business Terms, the Operational Terms and the Market Terms and any Approved Change from time to time
- **C/02**-Application for registering one or more Supply Points associated with an eligible premises where services are provided but are not registered, and application for addition of service components
- **Retailer Wholesaler Group Gap Site Incentive Scheme Good Practice Guide**-Sets out the arrangements which apply where the a Wholesaler offers a financial incentive in relation to gap sites that are identified by the Retailer and that Retailer seeks to claim an incentive payment in respect of the successful registration of that gap site in the market.
- **Allowance**-A volumetric adjustment applied to the measured consumption of your customer to reduce the chargeable volume for water and/or wastewater services due to firefighting, leakage, non-return to sewer or not having surface water feeding to sewer.
- **Building Works**-Refers to any renovation works to any existing premise which is already connected to the water and sewer systems, or for new builds/building sites where there may be an existing connection, or which may require an additional connection, but the premises are not yet metered.