

Minutes of Code Change Committee

Meeting 06

23 August 2022

MS Teams

Status of the Minutes: FINAL

Anthony Pygram	AP	Independent Chair	Ulrike Hotopp	UH	Independent Member
Mike O'Connor	MO	Independent Member	Neil Pendle (Alternate)	NP	Retailer Member
Mike Rathbone	MR	Wholesaler Member	Matthew Glover	MG	Retailer Member
Kye Smith (Alternate)	KS	Wholesaler Member	Adam Boyns (Alternate)	AB	Customer Representative
Steve Creighton	SC	Alternative Customer Representative			

AFFILIATE MEMBERS PRESENT

Dan Mason	DM	Ofwat Affiliate Member			
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SECRETARIAT

Adam Richardson	AR	Panel Secretary	Sam Mawby	SMa	Secretariat
Nichola Vincendeau	NV	Secretariat/Presenter (items 5 & 6)			

OTHER ATTENDEES

Darren Hayes	DH	Ofwat	Sasha Pearce	SP	Ofwat
Stuart Boyle	SB	MOSL Presenter (item 3)	Amanda Hinde	AH	MOSL Observer
Huw Comerford	HC	MOSL Observer	John Gilbert	JG	MOSL Presenter (item 4)
Evan Joanette	EJ	MOSL Presenter (item 4)			

APOLOGIES

Christina Blackwell	CB	Customer Representative	Sarah McMath	SM	MOSL Affiliate Member
Claire Yeats	CY	Retailer Member	Paul Stelfox	PS	Wholesaler Member

1. Welcome and Introductions

- 1.1. The Chair welcomed members to the Code Change Committee meeting.
- 1.2. It was confirmed that the meeting was quorate.
- 1.3. Apologies were received and accepted from CB, SM, CY and PS and AB attended as an alternate for CB, NP as an alternate for CY and KS as an alternate for PS.
- 1.4. Code Change Committee members were asked to declare any potential conflicts of interest in relation to the meeting agenda. No interests were noted.

2. Minutes and Outstanding Actions

- 2.1. The Committee noted the minutes from Code Change Committee 05 (18 July 2022) had been circulated for review. There were no additional comments, and the minutes were approved.
- 2.2. The following actions remain open:
 - CCC01_08, CCC02_01 and CCC03_01 (the final action had an update as of August 2022 which was circulated to committee with the associated papers for the meeting.) CCC01_08 and

CCC03_01 are due to come back to the Code Change Committee in September for an interim review; CCC02_01 has a target completion date of 31 December 2022.

2.3. The following actions were closed:

CCC05_01, CCC05_02 and CCC05_03 (the first as it is a process action for the Change Report and the latter two are agenda items for this meeting).

2.4. The minutes were agreed by the committee.

3. Change Report

3.1. SB presented a summary of the change report which had been circulated with the agenda. This highlighted the delivery programme, the upcoming changes, the changes that are currently on hold, those in the pipeline, consultations and Ofwat decisions.

3.2. DM commented on the list of code changes and suggested that PIP117 and 162 could come off the list but the other changes could be packaged up instead of being presented as separate code changes.

3.3. The Code Change Committee:

- **NOTED** the change report.

4. Gate 1 – Plan CPW135 Wholesale Retail Code – Housekeeping Changes

4.1. The Code Change Committee considered the change proposal plan for CPW135 '[Wholesale Retail Code – Housekeeping Changes](#)' which sought to amend a minor error that had been identified within the CSD (Code Subsidiary Document) 0301 drafting for CPW085 - '[Premises Vacant Transaction Link to DPID](#)'. The change proposal also sought to correct other low materiality drafting errors that had been identified in the CSDs and the Market Terms.

4.2. It was agreed that the proposal was straightforward. The necessity for the Committee to approve that MOSL progress minor changes of this nature was also discussed and will be considered as part of the wider work on developing the Code Change mechanism.

4.3. The Code Change Committee:

- **AGREED** (unanimous) that the rationale outlined in CPW135 better facilitated the Principles of the WRC (Wholesale Retail Code);
- **AGREED** (unanimous) to delegate to MOSL the recommendation of CPW135 directly to Ofwat for decision; and

- **AGREED** (unanimous) to recommend that, if approved, CPW135 be implemented on 2 December 2022 if Ofwat approval is received by 16 November 2022.

5. Gate 3 – Recommend CPM046/CPW133 Approved Codes of Practice

- 5.1. The Code Change Committee considered the draft recommendation report for CPM046 & CPW133 '[Approved Codes of Practice](#)' which sought to introduce a framework into the Market Codes for a new suite of documents, titled Approved Codes of Practice (ACoPs). These documents would facilitate processes within the Codes, bringing clarity and consistency of operation into the market for the end customer's benefit.
- 5.2. ACoPs would contain standards complementary to the Wholesale Retail Code (WRC) and, if adopted by the regulator, the Market Code Structural Outline (MCSO) would need to be amended. It was acknowledged that there are customers who operate in multiple wholesale regions for whom this would assist in a seamless customer experience.
- 5.3. The Committee observed that the RWG had a good record of agreeing good practice guides by consensus and these had brought benefit to the market. However, despite being in place for some time and Ofwat's expectation that Trading Parties should adopt them, there hadn't been full uptake. The committee noted that it was harder to achieve consensus on mandated obligations and there was no formal obligation on Trading Parties to comply with the RWG's good practice guides. CPM046 and CPW133 would provide a vehicle for this.
- 5.4. The Committee considered the cost implications, there was clarification that the cost outlined in this paper referred to this change alone which, if approved, would provide for ACoPs to be created. The costs did not include those costs that might arise in any subsequent development and implementation of future ACoPs.
- 5.5. The Committee discussed how ACoPs differed from the existing codes if their change process mirrored the existing code change process. Some members felt the codes should be simpler, and some expressed concern that creating a new class of document might make them more complicated and increase the risk of contradiction. Other members felt that the existing code structure was not suited to the content of codes of practice and including them within the existing structure might be confusing.
- 5.6. The Committee considered the issues around customer access and acknowledged that in theory, ACoPs could be more accessible than the code for customers.

- 5.7. The Committee discussed whether this was the right mechanism to achieve the desired outcome; the primary source of ACoPs was expected to be the Retailer Wholesaler Group (RWG). It was felt this would mean proposed ACoPs would come with the backing of Trading Parties.
- 5.8. Compliance was discussed by the Committee. It was noted that the proposed change would require that parties employ “best endeavours” in meeting ACoP requirements. One committee member noted that it was often a case for codes of practice to adopt a ‘comply or explain’ approach. This might allow for some flexibility in the application of some ACoPs by setting wider boundaries for compliance.
- 5.9. The Committee discussed if compliance against existing RWG codes of practice could be monitored through Additional Performance Indicators but noted that any observed non-adherence could not be rectified in the absence of an enforcement mechanism. One Committee member questioned whether using the same mechanisms to enforce ACoPs as the codes was appropriate. MOSL stated that initially there was no case for using anything different, but this could be revisited in the future if deemed necessary.
- 5.10. The Committee considered the current good practice guides and the current situation with regards to consistency of approach across the market. There was also mention of the fact that this approach could avoid the necessity to codify everything and could be seen as a common-sense approach. It was reiterated that, from a customer perspective this could bring greater visibility of agreed standards.
- 5.11. The committee discussed how mandating practices benefited customers by ensuring consistency of policies and processes but that it could also remove an opportunity for innovation or differentiation between Trading Parties.
- 5.12. It was noted that, if this change was approved, the Strategic Panel would have to approve the change form or delegate approval to the Code Change Committee.
- 5.13. The Code Change Committee:
- **AGREED** (seven in favour, two against) that the rationale outlined in CPM046 & CPW133 better facilitated the Principles of the MAC (Market Agreement Code) and the WRC;
 - **AGREED** (seven in favour, two against) to recommend CPM046 & CPW133 for implementation;

- **AGREED** (unanimous) to recommend the Strategic Panel approve the ACoP Change Form; and
- **AGREED** (unanimous) to recommend that, if approved, CPM046 & CPW133 be implemented on
 - 2 December 2022 if Ofwat approval was received by 11 November 2022; or
 - 17 March 2023 if Ofwat approval was received by 24 February 2023.

5.14. The two Committee members that voted against CPM046 and CPW133 believed it could potentially add more regulation, confusion, misunderstanding or contradiction and risked inhibiting innovation.

6. Post Implementation Review – CPW109 Changing the Constraints on Customer Reads

- 6.1. The Code Change Committee considered the Post Implementation Review for CPW109 ‘Changing the Constraints on Customer Reads’ which had sought to increase the amount of metering data in CMOS (Central market Operating System) to potentially enable the improvement of other market processes, e.g. settlement, data validation, usage reporting and water efficiency, to raise awareness of the customer read mechanism in the market and amongst Retailers and to assist in transitioning the market out of Covid-19 restrictions.
- 6.2. The Committee reflected on the fact that a limited number of Trading Parties had taken advantage of the new provisions and, as such, the change did not have a particular impact at the present time. It was acknowledged that some smaller Trading Parties had tripled their usage of customer reads.
- 6.3. It was observed that facilitative changes may have minimal impact at first, but the impact could be felt more in the future if obligations are placed on Trading Parties to make use of these changes.
- 6.4. The Code Change Committee:
- **AGREED** (unanimous) that MOSL should provide an annual update detailing customer reads to the Metering Committee.

7. Approach to Post Implementation review – CPW085 Premises Vacant Transaction link to DPID

- 7.1. The Code Change committee considered the proposed approach to the Post Implementation Review (PIR) for CPW085 for CPW085 'Premises Vacant Transaction Link to DPID'. The change proposal, approved by Ofwat on 1 June 2022 for implementation on 2 December 2022, would implement validation in CMOS to prohibit a premises' occupancy changing to vacant if it had an active trade effluent Discharge Point ID (DPID) or a new DPID being created if a premises was vacant. It would also introduce a timescale into Process G6 for wholesalers to terminate a DPID to support the timely changing of premises to Vacant.
- 7.2. The Committee considered the need for a consultation and agreed that, on the basis of the original discussions when this change was first proposed, that a consultation would be useful.
- 7.3. The Code Change Committee:
 - **AGREED** (unanimous) the proposed approach for the CPW085 Post Implementation Review

8. Code Change Committee Conflicts of Interest Guidance

- 8.1. The Code Change Committee considered the proposed approach to identifying and managing conflicts of interest for the committee members. The Committee requested that MOSL provide a finalised version of the agreed conflicts of interest approach.
- 8.2. The Code Change Committee:
 - **AGREED** (unanimous) to adopt Option 2 in order to manage potential conflicts associated with the source of change; and
 - **AGREED** (unanimous) the overall working practice regarding conflicts of interest with a final version for approval to be submitted to the committee at the September meeting.

9. Code Change Committee Alternates Working Practice

- 9.1. The Code Change Committee considered a revised paper outlining a proposed approach to appointing Alternate members when Code Change Committee (CCC) members were unable to attend meetings or when there were potential conflicts of interest for CCC members.
- 9.2. It was noted that, if appointed, alternates should be subject to the same conflicts of interest provisions as committee members. The Chair asked that this be explicitly reflected in the

working practice document such that it was clear that alternates appointed because the member was conflicted, should not themselves be conflicted.

9.3. The Code Change Committee:

- **AGREED** (unanimous) to approve the Alternates Working Practice document subject to one minor clarification.

10. AOB

10.1. It was noted that there would be an Open Forum on 12 September 2022 and that Code Change Committee members were welcome to attend. Anything that relates to the Code Change Committee following this will be communicated at a later date to Committee Members.

10.2. The regulator shared details of a webinar on the Consultation on Retail Exit Code on 20 September 2022.

Closed Session

11. Committee Reflections

11.1 The Code Change Committee appreciated the discussions on ACoPs and noted that the documentation was helpful and facilitated the discussion.