

Minutes of Code Change Committee Public Session Meeting 21

6 November 2023

MS Teams

Status of the Minutes: FINAL

Anthony Pygram	AP	Independent Chair	Steve Creighton	SC	Alternative Customer Representative
Mike O'Connor	MO	Independent Member	Jesse Wright	JW	Wholesaler Member Alternate (for Kye Smith)
Mike Rathbone	MR	Wholesaler Member	Matthew Glover	MG	Retailer Member
Trevor Nelson	TN	Retailer Member Alternate (for Claire Yeates)	John Vinson	JV	Customer Representative

AFFILIATE MEMBERS PRESENT

Sarah McMath	SM	MOSL	Dan Mason	DM	Ofwat (joined meeting at 11:00)
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SECRETARIAT

Adam Richardson	AR	Panel Secretary	Sam Mawby	SMY	Secretariat
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OTHER ATTENDEES

Holly Woodhead	HW	Ofwat	Sasha Pearce	SP	Ofwat
Stuart Boyle	SB	MOSL Presenter (items 3, and 9)	Luke Coyle	LC	MOSL Presenter (item 4 and 9)

Miles Robinson	MR	MOSL Presenter (item 5)	Spencer Mattia	SMA	MOSL (item 5)
Chris Dawson	HC	MOSL Presenter (item 6)	Amanda Hinde	AH	MOSL (item 8 and 9)
Monica Falasca	MF	MOSL Presenter (item 9)	Phoebe Nixon	PN	MOSL Observer
Ivy Mandinyenya	IM	MOSL Observer			

APOLOGIES

Claire Yeates	CY	Retailer Member	Kye Smith	KS	Wholesaler Member
Ulrike Hotopp	UH	Independent Member			

1. Welcome and Introductions

- 1.1. The Chair welcomed members to the Code Change Committee (CCC) meeting.
- 1.2. It was confirmed that the meeting was quorate.
- 1.3. Apologies were received and accepted from CY, KS and UH. TN attended as an alternate for CY. JW attended as alternate for KS.
- 1.4. The Chair introduced John Vinson (Customer Representative member) who had been appointed by the Strategic Panel to succeed Christina Blackwell.
- 1.5. CCC members were asked to declare any potential conflicts of interest in relation to the meeting agenda. No conflicts of interest were declared.

2. Minutes and Outstanding Actions

- 2.1. The committee noted the minutes from CCC20 (11 October 2023) which had been circulated for review ahead of the meeting. The minutes were approved, including the open session minutes for publication.
- 2.2. The CCC agreed to close the following actions:
CCC18_01, CCC20_01 and CCC20_03
- 2.3. The CCC agreed that the following actions should remain open:
CCC03_01 and CCC20_02

3. Change Report

- 3.1. SB presented a summary of the change report. This highlighted the current delivery programme, the context of the Strategic Panel priorities, upcoming changes, changes in the pipeline, consultations, trading party requests, post-implementation reviews and Ofwat decisions.
- 3.2. SB highlighted that pending approval by the Strategic Panel at its November meeting, code changes relating to the Market Performance Framework Reform programme would be proposed in the coming months.
- 3.3. A CCC member asked whether, in relation to the progression of CPM055 '[CMOS Data Escrow](#)', whether the CMOS data migration had now taken place. SB responded that the migration was anticipated for completion in the coming weeks and that Ofwat was aware that its decision would follow the completion of the migration.
- 3.4. SB noted that there were two pipeline changes that related to the Unplanned Settlement Run (one proposed by RWG (Retailer Wholesaler Group) and one proposed by MOSL. Both organisations were working together to potentially progress one change.
- 3.5. The Code Change Committee:
 - **NOTED** the change report.

4. Change Plan – CPM057 Late Payment of Market Operator Charges

- 4.1 The Code Change Committee (CCC) considered the change plan for CPM057 'Late Payment of MO Charges'. The change proposal sought to make the application of interest for the late payment of Market Operator (MO) charges proportionate and avoid situations arising where the cost of invoicing exceeded the value being recovered.
- 4.2 LC commented that the Audit and Risk Committee and Market Performance Committee had provided input to the change and that it was not proposed to carry out a consultation. This was mainly on the grounds the change was to align the market codes with actual practice and would not impact on Trading Parties.
- 4.3 LC advised that for MOSL to collect interest on Market Operator (MO) charges that it was proposed that two conditions were met. That the interest amount should be greater than £50 and that the late payment must have occurred twice in a 12 month rolling period.
- 4.4 A detailed discussion followed including the following points:

- A number of CCC members commented that the change proposal was broadly a housekeeping change and that the change could be delegated to MOSL, with no post implementation review required.
- A CCC member queried whether the change might encourage undesirable behaviours amongst Trading Parties and asked for more detail in relation to the scale of the issue. The member also asked whether alternatives had been considered e.g. introducing a larger fixed penalty for late payment. SF commented that in terms of late payment there had been 95 occurrences in the last financial year. The vast majority of those were very slightly late, and for small amounts, with all payments ultimately being made. MOSL had also recently started sending notes to Trading Parties to remind them that MOSL had the right to charge interest which had had a positive impact in terms of payment performance. Therefore, a one-off penalty charge did not appear to be necessary. However, where Trading Parties were serially paying late there could be the option to flag that with the Market Performance Committee for scrutiny which would also help to drive better behaviours. The data was not available for the CCC to understand how many late payments were repeat offenders. .
- A CCC member raised the general principle of late payment, despite the relatively low amounts concerned, and noted that it was important not to encourage poor behaviours in relation to payment even if that meant costing MOSL (and therefore trading parties) a little more. The member did not believe that the proposed change to the MAC (Market Arrangement Code) was warranted.
- A CCC member commented that the change did not align with the strategic priority of getting the basics right. Trading Parties, regardless of size, should pay on time and the code should not be modified to align with current practice in this regard.
- A CCC member queried whether a sizeable outstanding bill unpaid to save interest, or to ease cash flow without penalty, might disincentivise faster payment.
- SF reminded the CCC that currently the code outlined that MOSL had to charge interest on any late payment with no de minimis. MOSL has not been charging interest on late payments and so has not been compliant. Interest has not been charged as there has been minimal history of bad debt and any late payers have been managed effectively. Late payments have generally been for small amounts and mainly occurred due to poor Trading Party administrative processes. Following an internal audit, the compliance issue had been flagged MOSL had been reviewing how it could ensure compliance. However, it had concerns that if the current code was applied in full that this would not necessarily improve behaviours in small trading parties and could create a large volume of very low value late

interest payment charges and an additional administrative burden for MOSL and trading parties without any significant benefits in cash collection.

- MOSL had therefore proposed a more pragmatic approach, in line with the code change proposed. An earlier version of this approach had been discussed with MPC, who had proposed an increase in the de minimis amount to the £50 proposed. SFG reiterated that MOSL has recently started applying this approach in the interim period whilst a code change is considered although no interest invoices have as yet needed to be raised.
- A CCC member suggested that MOSL could look at alternatives ahead of coming back to the Committee at Gate 3. This could include the use of a late payment fee.
- A CCC member asked at Gate 3 if consideration could be given to the ways in which compliance could be achieved with the MAC as it was currently written.
- AR acknowledged the reservations of several CCC members around the impacts and the size of the issue and suggested that the change could return to the CCC with further information to address the questions raised at the meeting as a provisional Gate 3 in December 2023. If the CCC did not have sufficient information at that point to make a recommendation to Ofwat the CCC could either refer the change back for further work (which may include the CCC requesting the exploration of alternative solutions) or make a recommendation to Ofwat to reject the change.

4.5 The Code Change Committee:

- **AGREED** (unanimous) to progress the change to assessment;
- **AGREED** (five in favour, two against, one abstention) a Change Proposal Plan where a draft recommendation report would be submitted for consideration at the December 2023 CCC meeting¹.

5. Bilaterals Programme Update

- 5.1 SMA provided the CCC with an update on the Bilateral Hub programme commenting that CPW139b (Verification) had gone live in September and no issues had been reported by Trading Parties. Phases nine and ten were scheduled to go live in December 2023.
- 5.2 SMA provided an overview of the current programme plan highlighting that phase 11 was currently in MOSL testing with phase 12 in development. The requirements for phase 13 were

¹ Whether a post implementation would be required would be discussed and agreed at the December CCC meeting
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currently being finalised. The programme team were also looking at the analysis, scope and governance around the additional deliverables which would fall under phase 14.

- 5.3 The programme had delivered more quickly than initially anticipated and was now in a position to deliver additional enhancements. The Bilaterals steering group met in October and considered whether to close the programme early upon delivery of the final process or to continue and deliver some of the enhancements requested by Trading Parties. The steering group agreed to opt for the programme to deliver additional enhancements which would benefit the market and customers. These could include enhanced reporting and potential changes to the workflow process and would see the programme delivering through to the original programme end date of March 2025.
- 5.4 A CCC member asked, given the Bilateral programme was introduced on a minimum viable products basis, why the programme was looking at every process rather than starting to refine those high use processes from earlier phases. SMA responded that the market had been asked whether the Bilateral programme via CPW139 should deliver all of the bilateral processes before additional enhancements or look to further enhance the system before delivering remaining processes. The response had been a clear steer to prioritise processes before enhancements. SMA added that it was also made clear that reporting would be delivered after the processes identified although currently there were a number of reports already available in the Bilaterals Hub.
- 5.5 A CCC member asked whether the programme was now moving from a transformation programme to business as usual refinement and whether now was an appropriate time to move the work into business as usual. SMA responded that this had been considered by the steering group who noted that moving to business as usual would happen at the end of phase 14 and that, at this stage, utilising the highly skilled project team would be able to deliver more. The CCC member asked whether MOSL would look to establish an efficient, effective business as usual process for the Bilateral system given its level of complexity. SMA responded that a business as usual process would be put in place which could look similar to the process currently used for CMOS (a number of scheduled releases to introduce changes or fix bugs).
- 5.6 MRO provided CCC with an overview of the benefits realisation for CPW139 to date noting that a detailed initial report had been shared with the meeting papers. The initial review had highlighted that the Bilateral programme was potentially delivering more than was originally expected.
- 5.7 The key benefits realised centred on the ability of wholesalers to be able to switch off legacy systems following the delivery of all the identified processes into the Bilateral Hub. At this point there would be a consistent service for customer across all of the processes via the

Bilateral Hub. Wholesalers would also no longer be required to report on OPS (Operational Performance Standard) processes following the release of phases 9 and 10.

- 5.8 The next review of benefits was scheduled for April 2024.
- 5.9 A CCC member asked whether future benefits had been discounted in the methodology used. MRO responded that the benefits were worked out on an annual basis. For the remaining processes that would be delivered through CPW139 the benefits had been worked out in terms of future benefits. The exception to this would be phase 14 where for every additional enhancement a benefits case would be undertaken.

6. Recommendation - CPW139e Bilateral Hub (Miscellaneous)

- 6.1 The Code Change Committee considered the draft recommendation report for CPM139e '[Bilateral Hub \(Miscellaneous\)](#)'. The recommendation set out the proposed code amendments to deliver the fifth implementation of processes into the Bilateral Hub under CPW139 & CPM051, featuring technical solutions for Process M1 'Miscellaneous' and Process B10 'Wholesaler requested installation or change of meter performed by the Wholesaler (other than a replacement following a fault)'.
- 6.2 CD outlined the background, scope and benefits of the change as outlined in the draft recommendation report.
- 6.3 In terms of project governance all code documents had been reviewed and signed off by the Code Advisory Group and the Operational Advisory Group had been engaged in looking at the process since May 2023. Trading Parties had had early sight of the pertinent documents since 18 September pending sign off by the CCC. Ofwat had had early sight of the documents since 16 October and CCW had had early sight of the documents and an opportunity to submit a response which had been included in the draft recommendation report.
- 6.4 The Code Change Committee:
- **AGREED** (unanimous) to recommend CPW139e to Ofwat for implementation;
 - **AGREED** (unanimous) the rationale that CPW139e better facilitated the principles of the WRC (Wholesale Retail Code); and
 - **AGREED** (unanimous) to recommend that, if approved, CPW139e be implemented at 00:00 hours on:
13 March 2024, if Ofwat approval was received by 15 January 2024.

7. Prioritisation of Changes

7.1 The Code Change Committee considered the changes with Ofwat for decision. The committee noted that Ofwat would decide the order in which it considered recommended changes and that it was currently working on eight from earlier CCC meetings. The committee advised Ofwat of its priorities (highest first):

- CPM054 & CPW145 Deductions and Withholdings under dispute process
- CPW132 Credit Support and Wholesaler Credit Ratings
- CPW141b Clarifying Meter Chamber Responsibilities
- CPW147 MPS18 & 19 Clarification
- CPW139e Bilateral Hub (Miscellaneous)²

8. Post Implementation Review CPW089 T101 Adding Billing Address Fields

8.1 The Code Change Committee considered the post implementation review for CPW089 '[T101 Adding Billing Address Fields](#)'.

8.2 AH highlighted that the post implementation review findings showed that the number of vacant SPIDs (Supply Point IDs) had reduced by 50,000 since May 2021 and that there had been a marked improvement in the timescales for SPIDs becoming tradable. Trading Parties had also fed back that CPW089 had been a beneficial change.

8.3 The Code Change Committee:

- **NOTED** the paper and the benefits of the change following implementation.

9. Implementation of Change Process

9.1 The Code Change Committee considered key documentation which would be utilised in the revised change process as outlined in CPM053 and CPW146 '[Change Process Improvements](#)', currently pending Ofwat approval.

Change Proposal Form:

9.2 LC reminded members of the purpose of the change proposal form and highlighted a number of proposed changes to the form for Committee approval (the Strategic Panel has formally delegated responsibility for the Change Proposal form to the CCC).

² CPW139e was not prioritised relative to the other changes on the basis that a decision from Ofwat was not needed until January 2024.

- Urgency rationale had been moved to later in the form reflecting that most changes were not urgent.
- Initial Acceptance Criteria and Acceptance and Prioritisation Criteria had been added.
- Proposer can indicate whether they wish to be involved in solution development.
- Potential impact to the customer must be included.
- MAC and WRC principles have been streamlined with full descriptions appended to the form for completeness and improved proposer understanding.

9.3 A CCC member commented that it could be useful to outline that the articulated solution was a draft to make it clear that this may not be the solution that was consulted on or considered at a later stage by the CCC. The form was also quite long and complicated to complete but did provide the structure needed to develop a potential code change in detail.

9.4 A CCC member commented that on p.2 the various criteria set out under assessment there was optional to complete. However, the assessment against the initial assessment criteria must be completed otherwise it would be deemed to be incomplete and then fails so it would essentially be rejection criteria. This area of the form could be made clearer for the proposer to complete. In addition, on p.3 the proposer seemed to be asked to provide evidence twice.

Change Withdrawal policy:

9.5 The CCC considered whether a Change Withdrawal policy would be required under the revised change process.

9.6 AH outlined that under the new process it would be possible to simplify the process, meaning that a Change Withdrawal policy would not be required, and provided scenarios for this (circulated in advance with the meeting papers).

9.7 AH highlighted that if the problem statement was withdrawn by the proposer before it was accepted by the CCC, another party could re-articulate the change if they wished. There would be no need for the proposer to justify withdrawal, or for MOSL to wait for the next CCC meeting and another 10 business days before the change was formally withdrawn. Additionally, MOSL owned solution development after the problem statement was accepted by the CCC. If there was no case for change, MOSL could submit an early report to the CCC recommending early rejection.

Costs Template:

9.8 The CCC considered a Costs template which was proposed for inclusion in the revised change process. The template had been circulated with an explanatory note ahead of the meeting.

- 9.9 MF outlined the rationale for a cost template for high and low impact changes and added that it was not anticipated to make the form mandatory for a proposer to complete to ensure that the completion of the form did not become a barrier to a Trading Party raising a change.
- 9.10 A CCC member asked whether the template would focus on the specific change proposal or, as appropriate, a wider programme of work. MF responded that the template would focus on the specific change proposal as the costs for programmes such as the Bilateral Hub project were covered using a separate mechanism.
- 9.11 DM commented that in terms of the benefits of a change these may not always be financial in nature. The template would not easily provide a way of capturing important information that the change may deliver e.g. improvement in performance or customer service. The completion of the form would also need to be proportionate to the change. MF responded that the template was to be considered in addition to the other stakeholder engagement methods (e.g. consultation, survey, interview, etc.) and that it would be at the CCC's discretion as to whether it felt the template was necessary to support the progression of a change. The proposer should also provide additional information that would articulate the potential impact of the change beyond the cost as part of the change proposal form.
- 9.12 A CCC member asked how the information provided in the template would be managed in terms of the quality of the data provided. MF responded that MOSL would sense check the information provided in the cost template, but the information provided by stakeholders that engage with a change proposal was not currently assessed, it was accepted and accounted for in the analysis. At consultation stage the consultation note would make the data provided by the proposer visible to all Trading Parties³. Respondents would have the option to agree with the analysis, select predefined cost ranges or to submit their own cost template.
- 9.13 A CCC member agreed that gathering qualitative and quantitative information was important. The member also noted that particularly where a change was complex it could be challenging to provide an accurate view of cost and queried how much time it would take to complete the template.
- 9.14 The CCC considered whether the template should be optional or mandatory.
- 9.15 A committee member commented that the template should be mandatory but that there should be an option to state why any areas of the form could not be completed. If the template was optional proposers may just opt not to complete it to save time and resource.

³ In a redacted form, compatible with competition law and confidentiality.

- 9.16 A CCC member commented that if the form was mandatory it would effectively set a very high bar with the completed forms not necessarily being very accurate as the proposer may present information that was not completely thought out in order to get the change submitted.
- 9.17 HC suggested that the template, which would be a new addition to the change process, was trialled for a period to establish uptake and the value that the template was adding to the process.

Change Report:

- 9.18 SB reminded CCC members of the purpose of the Change Report. Under the new process it was proposed to incorporate the following in the Change Report:

- Visibility of MOSL assessments against Initial Acceptance Criteria
- Visibility of CCC assessments against Acceptance and Prioritisation Criteria
- Track changes from the first assessment by the Market Operator against the Initial Acceptance Criteria.
- Track the change proposal solution and different types of engagement.

- 9.19 The Code Change Committee:

- **AGREED** (unanimous) to approve the Change Proposal Form subject to the inclusion of minor amendments; and
- **AGREED** (unanimous) that a Change Withdrawal Policy would no longer be required following the implementation of the change process improvements (CPM053 and CPW146);
- **AGREED** (five in favour, three against) that the completion of a cost template would be an optional part of the change process; and
- **NOTED** the proposed additions to the Change Report.

- 9.20 The CCC will review the efficacy of the Costs template in Q3 of 24/25 and whether it should remain optional.

ACTION CCC21_01

10. AOB

- 10.1 There were no addition items of business raised.

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CLOSED SESSION:

11. Committee Reflections

11.1 The committee shared their learning from other market governance committees and groups they were involved in, and reflected on the meeting.