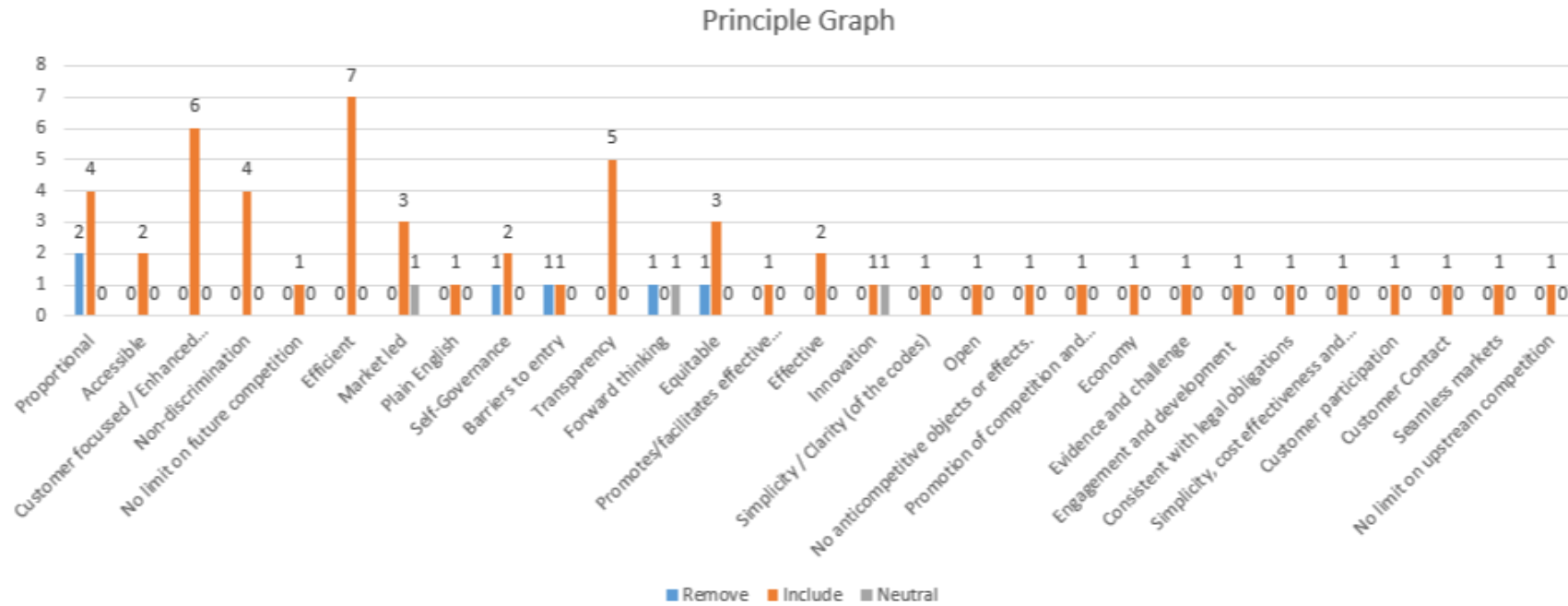




CPW121 & CPM040

Flo Monea

CPM040 – Proposed drafted set of principles



CPM040 – Proposed drafted set of principles - merging



| Principle | Merging | Remove | Include | Neutral |
|---|--|--------|---------|---------|
| Proportional | | 2 | 4 | 0 |
| Customer focussed / Enhanced customer experience / Customer benefits | Customer focussed / Enhanced customer experience / Customer benefits | 0 | 6 | 0 |
| | Effective | | | |
| Non-discrimination | Non-discrimination | 0 | 5 | 0 |
| | Consistent with legal obligations | | | |
| No limit on future competition | No limit on future competition | | | |
| | Promotes/facilitates effective [current and future] competition | | | |
| | No anticompetitive objects or effects. | | | |
| | Promotion of competition and diminution or elimination of barriers to entry and expansion. | 0 | 7 | 0 |
| | No limit on upstream competition | | | |
| | Accessible | | | |
| Efficient | Consistent with legal obligations | | | |
| | Efficient | | | |
| | Economy | 0 | 7 | 0 |
| | Simplicity / Clarity (of the codes) | | | |
| Market led | | 0 | 3 | 1 |
| Self-Governance | | 1 | 2 | 0 |
| Barriers to entry | | 1 | 1 | 0 |
| Transparency | Transparency | | | |
| | Evidence and challenge | | | |
| | Engagement and development | 0 | 7 | 0 |
| | Plain English | | | |
| | Open | | | |
| | Accessible | | | |
| Forward thinking | | 1 | 0 | 1 |
| Equitable | | 1 | 3 | 0 |
| Innovation | | 0 | 1 | 1 |
| Simplicity, cost effectiveness and security | | 0 | 1 | 0 |
| Customer participation | | 0 | 1 | 0 |
| Customer Contact | | 0 | 1 | 0 |
| Seamless markets | | 0 | 1 | 0 |

CPM040 – Proposed drafted set of principles



Proposer

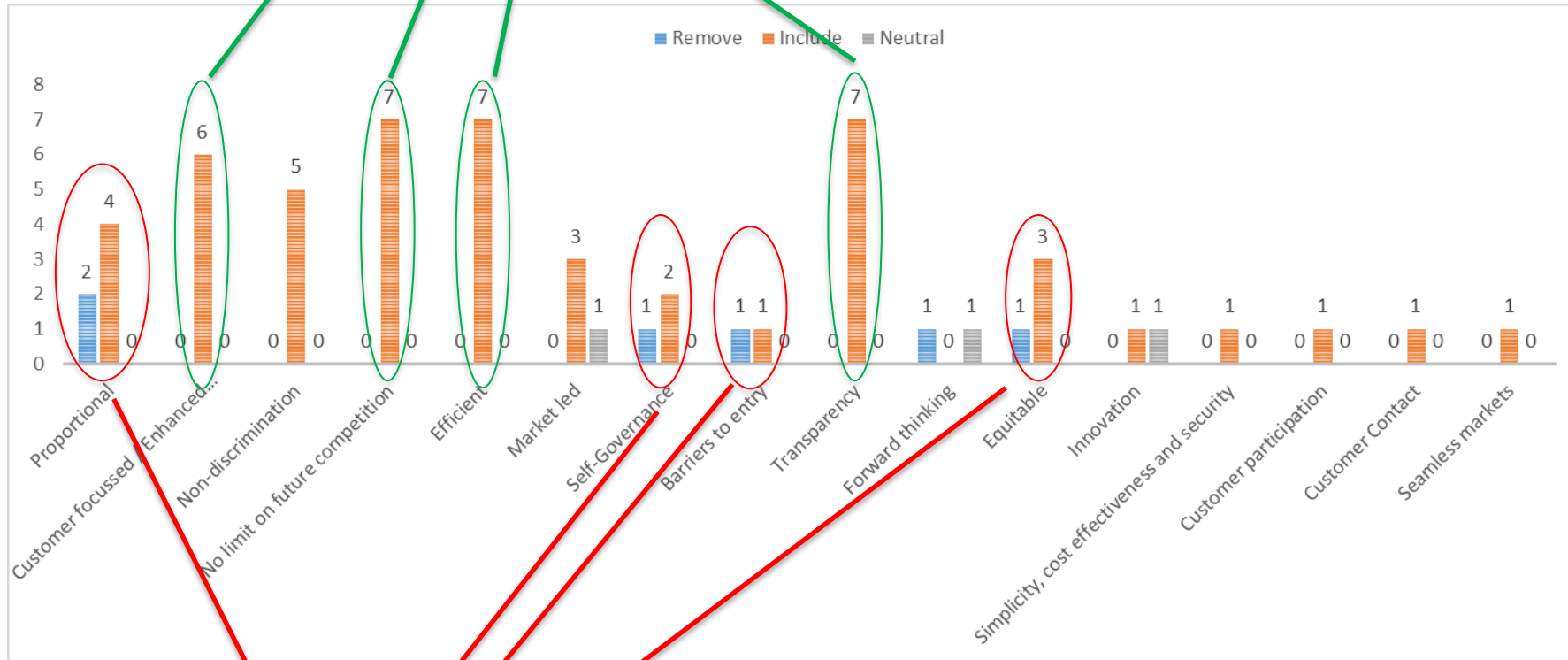
- ◆ Seamless Non-Household Customer experience
- ◆ Resilience
- ◆ Simple, cost effective and secure
- ◆ Transparency and clarity
- ◆ Proportionality
- ◆ Efficiency
- ◆ Market led
- ◆ Non-discrimination

Sub-group

- ◆ Proportional
- ◆ Customer focussed / Enhanced customer experience / Customer benefits
- ◆ Non-discrimination
- ◆ No limit to future competition
- ◆ Efficient
- ◆ Market led
- ◆ Self-Governance
- ◆ Barriers to entry
- ◆ Transparency
- ◆ Forward thinking
- ◆ Equitable
- ◆ Innovation
- ◆ Simplicity, cost effectiveness and security
- ◆ Customer participation
- ◆ Customer contact
- ◆ Seamless markets

CPM040 – Discussion

Agreed Principles?



Proposer

- ◆ Seamless Non-Household Customer experience
- ◆ Resilience
- ◆ Simple, cost effective and secure
- ◆ Transparency and clarity
- ◆ Proportionality
- ◆ Efficiency
- ◆ Market led
- ◆ Non-discrimination

Discussion needed

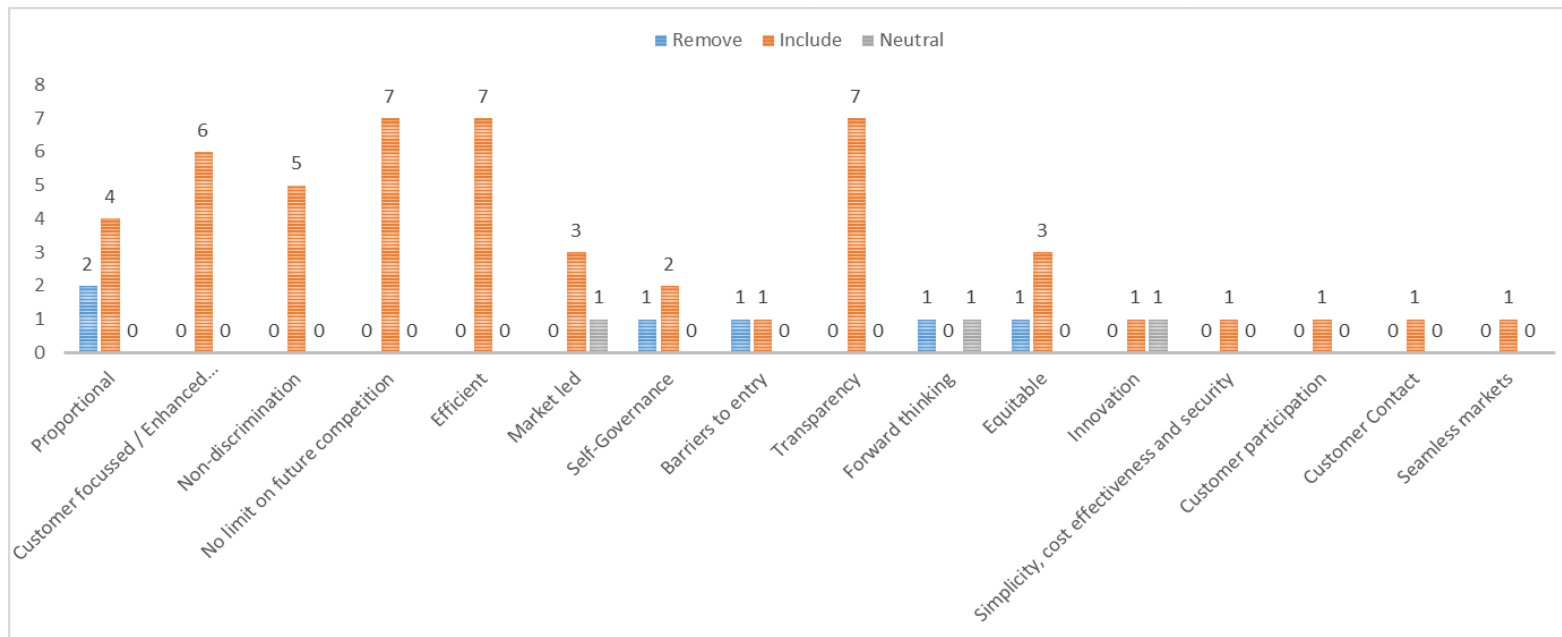
CPM040 – MoSCoW Assessment

Proposer

- ◆ Seamless Non-Household Customer experience
- ◆ Resilience
- ◆ Simple, cost effective and secure
- ◆ Transparency and clarity
- ◆ Proportionality
- ◆ Efficiency
- ◆ Market led
- ◆ Non-discrimination

Sub-group

- ◆ Proportional
- ◆ Customer focussed / Enhanced customer experience / Customer benefits
- ◆ Non-discrimination
- ◆ No limit to future competition
- ◆ Efficient
- ◆ Market led
- ◆ Self-Governance
- ◆ Barriers to entry
- ◆ Transparency
- ◆ Forward thinking
- ◆ Equitable
- ◆ Innovation
- ◆ Simplicity, cost effectiveness and security
- ◆ Customer participation
- ◆ Customer contact
- ◆ Seamless markets



CPM040 – Alternate solution?

Proposer

Primary principle - The Wholesale Retail Code and arrangements established by or under the Wholesale Contract shall protect and promote the interests of, and promote participation by, existing and future Non-Household Customers.

Supporting Principles

- ◆ Continued development and sustainment of an effective market
- ◆ Seamless Non-Household Customer experience
- ◆ Resilience
- ◆ Simple, cost effective and secure
- ◆ Transparency and clarity
- ◆ Proportionality
- ◆ Efficiency
- ◆ Market led
- ◆ Non-discrimination

Alternate Solution?

- ◆ Customer interests
- ◆ Effective competition
- ◆ Seamless Non-Household Customer experience
- ◆ **Resilience**
- ◆ Transparency and clarity
- ◆ Proportionality
- ◆ Efficiency
- ◆ **Market led**
- ◆ Non-discrimination

CPM040 – Consultation Questions

- ◆ Do you think the current published principles should be changed? (including Rationale)
- ◆ Should any of the current principles be included in the solution? (or kept)
- ◆ Do you agree with the removal of X principle?
- ◆ Do you agree with the introduction of X principle?
- ◆ Can you identify any impacts on:
 - ◆ Customers
 - ◆ Trading Parties
 - ◆ MOSL
 - ◆ Panel
- ◆ Are there any other principles we should introduce? If yes, what is the rationale for it?



CPM021

Huw Comerford



Solution Options

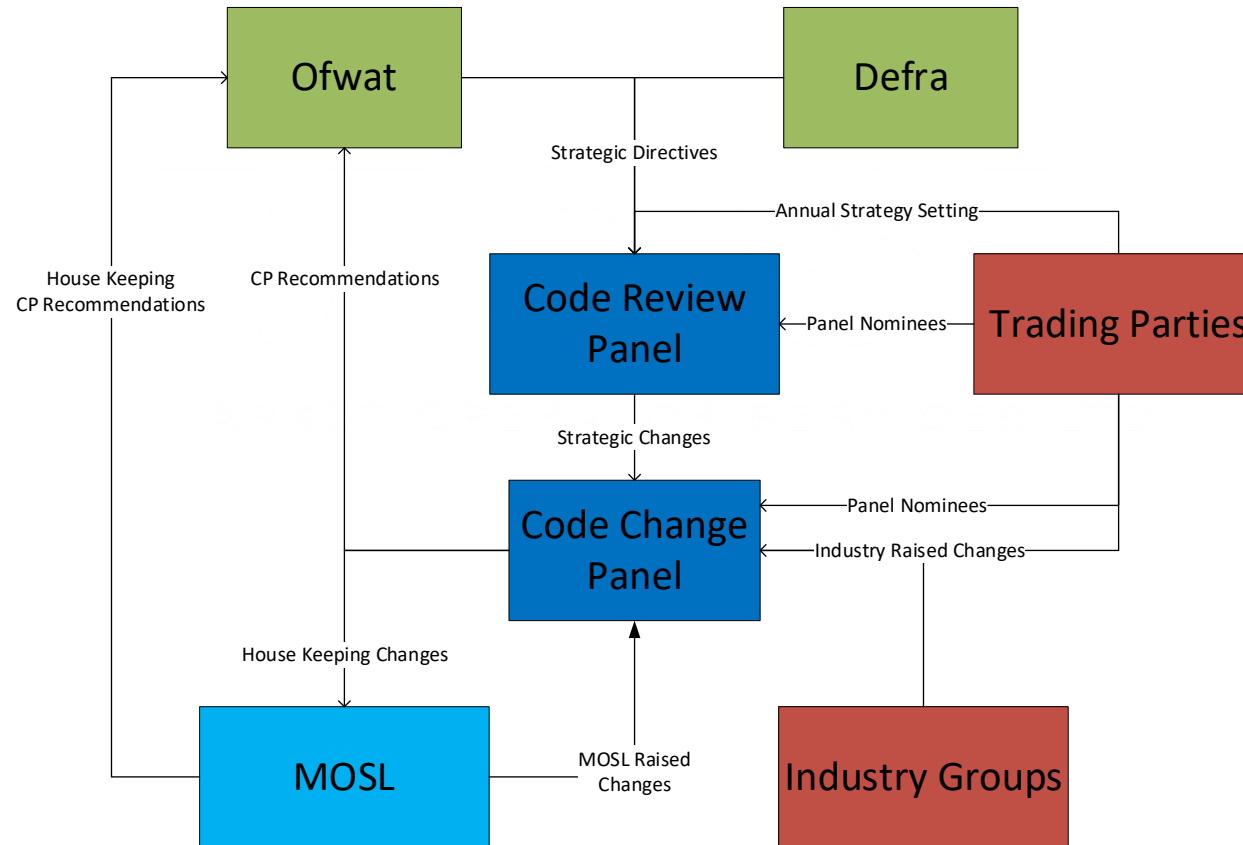
Two proposed options:

- Option 1
 - Code Review Panel – Code Change Panel

- Option 2
 - Strategic Forum – Code Review Panel – Code Change Panel

Option 1 - Overview

Code Review Panel – Code Change Panel





Option 1 – Panel Composition & Roles

- ◆ Code Review Panel
 - ◆ Role
 - ◆ Responsible for determining actions to deliver against strategic outcomes (as defined by Ofwat and Defra) and establishing priorities for such actions or programmes of work
 - ◆ Composition
 - ◆ All Trading Parties provide one nominated representative and alternate
 - ◆ Three independent experts (economic, regulatory and customer representative)
 - ◆ Two affiliated members (Ofwat and MOSL)
 - ◆ One independent Chair
 - ◆ Quorum and Voting
 - ◆ No minimum quorum
 - ◆ Simple majority

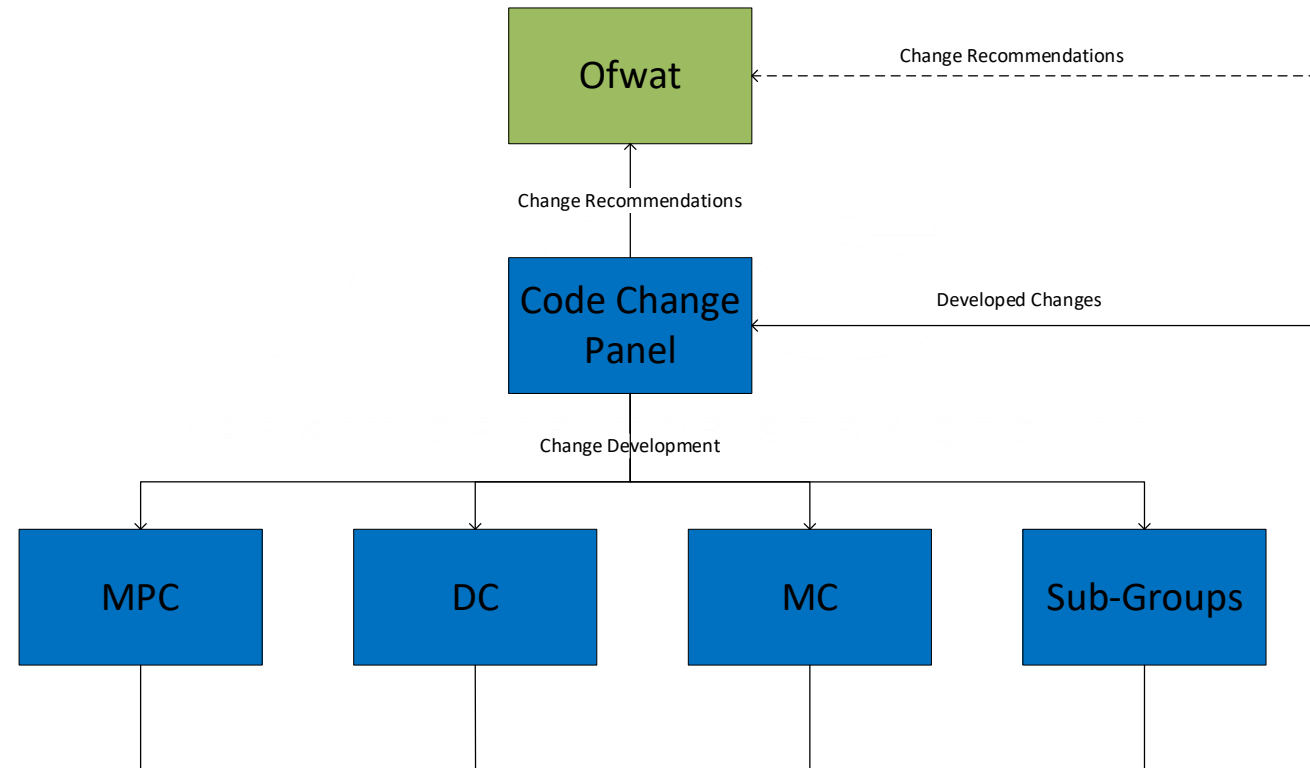


Option 1 – Panel Composition & Roles (Cont'd)

- ◆ Code Change Panel
 - ◆ Role
 - ◆ Assess whether changes that are put forward would better deliver against the defined strategy, makes recommendation to the Code Review Panel or to Ofwat.
 - ◆ Delegates development of change to Committee, Sub-Groups or MOSL
 - ◆ May also delegate the recommendation of changes to Ofwat
 - ◆ Composition
 - ◆ Four Retailers and Four Wholesalers – Elected using current process except all Trading Parties can vote on candidates
 - ◆ One Customer Representative
 - ◆ Two affiliated members (Ofwat and MOSL)
 - ◆ One independent Chair
 - ◆ Quorum and Voting
 - ◆ Two Retailers and Two Wholesalers
 - ◆ Simple majority

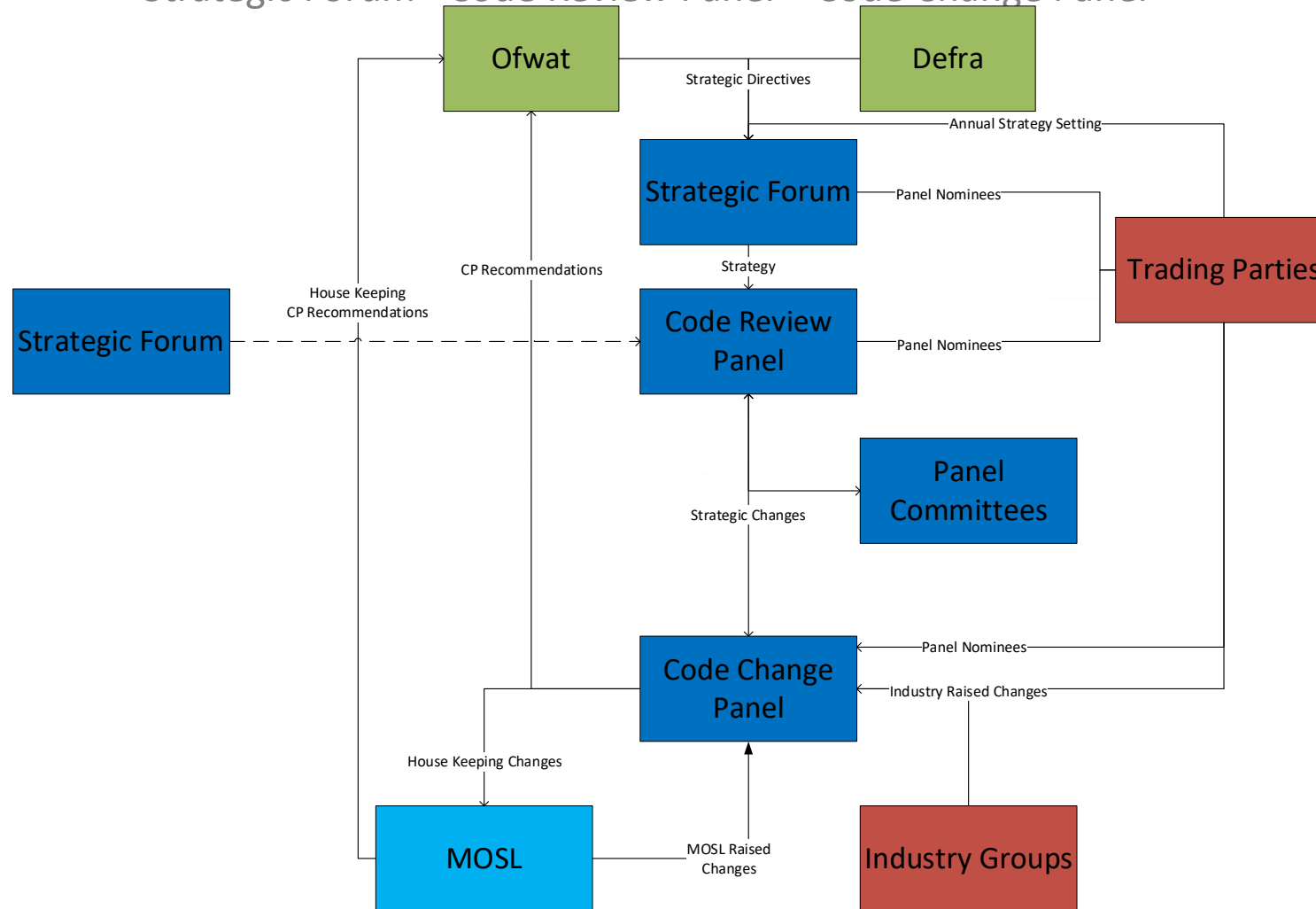
Option 1 – Panel Composition & Roles (Cont'd)

Committees and Sub-Groups



Option 2 - Overview

Strategic Forum - Code Review Panel – Code Change Panel





Option 2 – Panel Composition & Roles

- ◆ Strategic Forum
 - ◆ Role
 - ◆ Responsible for determining actions to deliver against strategic outcomes (as defined by Ofwat and Defra) and establishing priorities for such actions or programmes of work
 - ◆ Composition
 - ◆ All Trading Parties provide one nominated representative and alternate
 - ◆ Two affiliated members (Ofwat and MOSL)
 - ◆ One independent Chair
 - ◆ Quorum and Voting
 - ◆ No minimum quorum
 - ◆ Simple majority

Option 2 – Panel Composition & Roles (Cont'd)

◆ CPM021 Code Review Panel

◆ Role

- ◆ Delivery of the market strategy that has been defined by the Strategic Forum
- ◆ Responsible for Committees (DC, MPC and MC)

◆ Composition

- ◆ Three Retailers and Three Wholesalers – Elected using current process except all Trading Parties can vote on candidates
- ◆ One Customer Representative
- ◆ Two affiliated members (Ofwat and MOSL)
- ◆ One independent Chair
- ◆ Three independent members (economic, regulatory, customer)

◆ Quorum and Voting

- ◆ Two Retailers, Two Wholesalers and One Independent
- ◆ Simple majority

CPM039 – Strategic Panel

- One independent Chair
- Ofwat representative(s) (affiliated)
- Market Operator representative(s) (affiliated)
- Defra representative(s) (affiliated)
- Four Trading Parties (made up of whatsoever nature)
- One customer representative
- Three independents appointed by the Panel chair (with appropriate expertise)

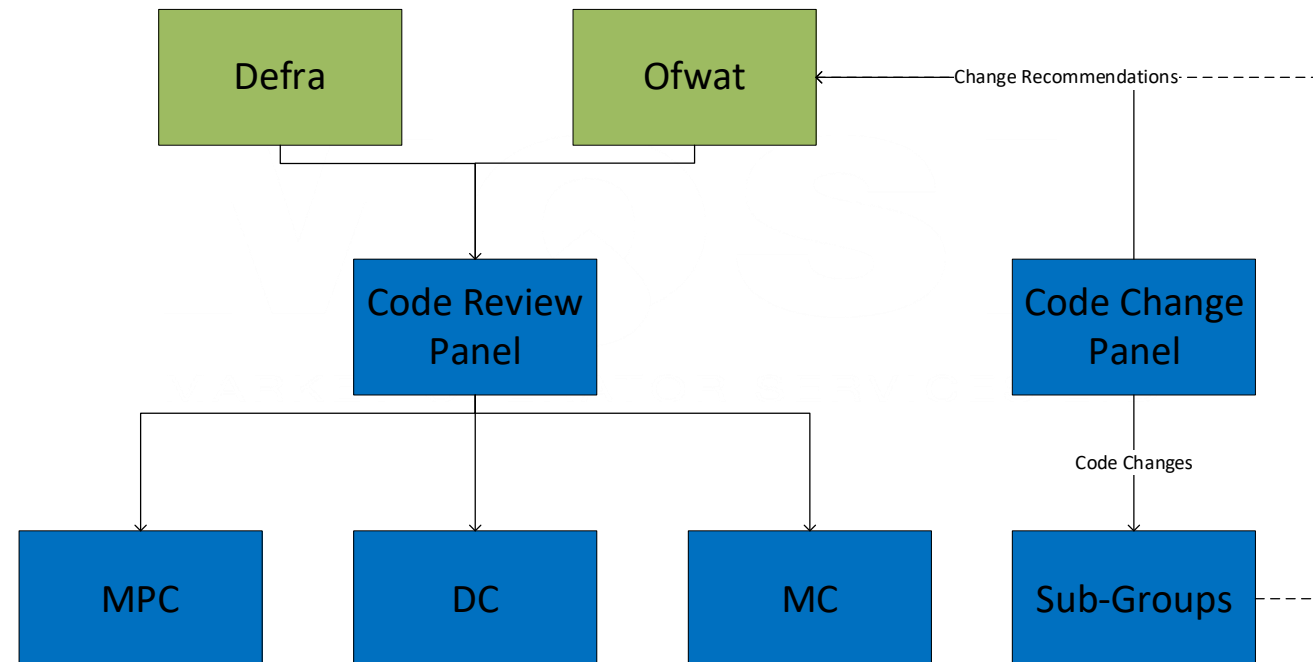


Option 2 – Panel Composition & Roles (Cont'd)

- ◆ Code Change Panel
 - ◆ Role
 - ◆ Assess whether changes that are put forward would better deliver against the defined strategy, makes recommendation to the Code Review Panel or to Ofwat.
 - ◆ Delegates development of change to Committee, Sub-Groups or MOSL
 - ◆ May also delegate the recommendation of changes to Ofwat
 - ◆ Composition
 - ◆ Four Retailers and Four Wholesalers – Elected using current process except all Trading Parties can vote on candidates
 - ◆ One Customer Representative
 - ◆ Two affiliated members (Ofwat and MOSL)
 - ◆ One independent Chair
 - ◆ Quorum and Voting
 - ◆ Two Retailers and Two Wholesalers
 - ◆ Simple majority

Option 1 – Panel Composition & Roles (Cont'd)

Committees and Sub-Groups





CPM021 & CPM039

Consultation Questions

Huw Comerford



Consultation Questions

- ◆ Do you agree that the proposed solutions for CPM021 and CPM039 are better than the current arrangements? Please explain your answer.
- ◆ Which of the two proposed solutions is your preferred choice? Please explain your answer
- ◆ Is there an alternative or variation of these solutions that should be considered?
- ◆ If yes to Q10 please provide details.
- ◆ What are the impacts (both positive and negative) on your company if either of these changes was implemented? (Please quantify where possible)
- ◆ What are the impacts (both positive and negative) on your customers if either of these changes was implemented? (Please quantify where possible)
- ◆ How regularly would you expect to attend the Strategic Forum if CPM021 were to be implemented?