



# CPM040 / CPW121

## Consultation Responses

Flo Monea

# CPM040 Amendments



Primary / Supporting Principle	Suggestions	CPM040 Solution following Proposer Amendment	Sub-group alternative
Primary Principle	The Code must be governed in a way that enables Trading Parties to meet their market obligations – “Trading Parties” is not referred to in the primary principle	<b>Retain the proposal.</b> This principle is intended to focus on customer benefits, these will be delivered by Trading Parties so is explicit reference necessary? TPs have to comply with market codes anyway.	No Alternative
	‘...by ensuring the fair and effective settlement of transactions between market participant’ should be added at the end of the principle as the codes do not exist to deliver customer benefits other than through their effective operation and that of the settlement regime	<b>Not minded to amend.</b> This would narrow the principle and detract from its objective, propose this amendment is not made.	No Alternative
Supporting Principles	To extend the principle on a “Seamless Non-Household Customer experience” to state that, in addition, it should deliver customer benefits, as an experience may be positive but deliver no tangible customer benefits	<b>Amend the drafting</b> of this principle across both the WRC and MAC: “... shall be maintained, operated and developed in a manner that seeks to deliver a seamless experience for <u>the benefit of</u> Non-Household Customers...”	No Alternative
	The papers are silent on the rationale for removal of the requirement to assess seamlessness across Scotland and the Scottish market, removal could be seen as contradictory to the new Primary Principle	<b>Retain the proposal.</b> This was included because there’s no reciprocal principle in the Scottish market and in recognition that the markets operate differently, it could be difficult to ensure a seamless customer experience in view of the operational differences that exist.	Include commentary in DRR there are differences between the two markets

# CPM040 Amendments



Primary / Supporting Principle	Suggestions	CPM040 Solution following Proposer Amendment	Sub-group alternative
<p><b>Supporting Principles</b></p>	<p>Cost effectiveness and Proportionality of any changes for Trading Parties should be included.</p>	<p><b>Retain the proposal.</b> This is accounted for by the principles of efficiency and proportionality.</p>	<p>No alternative</p>
	<p>Post change reviews to measure improvements following implementation of changes could be considered to keep a check on the decision making process to ensure changes are in fact having the benefits that they claimed. This is also a good measure of success and effectiveness for the Panel.</p>	<p><b>Retain the proposal.</b> Not one for Principles - once formed, the Strategic Panel can consider how best to use evaluation in the market.</p>	<p>Include in the Strategic Panel ToR a benefits review for all changes that are implemented</p>
	<p>An additional supporting principle to ensure that the market design considers the economic impact to Trading Parties and provides equitable outcomes based on the regulated economic framework in which the trading parties operate. This would ensure any decisions concerning market arrangements proportionally considers the costs for which Trading Parties are funded.</p>	<p><b>Retain the proposal.</b> The principle of efficiency discusses economic impacts: "...shall ensure efficient, economic and effective administration and operation of the Competitive Market, so far as impacted by them, and shall promote the efficient administration of the Market Terms by the Market Operator." Also, it is difficult to imagine a case in a market context where you can ensure 'equitable outcomes'</p>	<p>No alternative                      Include in the DRR the group suggests changing 'where' to 'wherever'                      Alternative – 2 in favour                      No Alternative - 3 in favour</p>



# CPM021 Amendments

## Huw Comerford



## Code Review Panel (Strategic)

Role	Consulted Solution	Amended Solution
Chair	1	1
Trading Party	6 (3 Retailer & 3 Wholesaler)	4 (2 Retailer & 2 Wholesaler)
Independent	3	3
Customer	1	1
Total	11	9

## CPM021 Amendments - Composition (cont'd)



### Code Change Panel

Role	Consulted Solution	Amended Solution
Chair	1	1
Trading Party	6 (3 Retailer & 3 Wholesaler)	4 (2 Retailer & 2 Wholesaler)
Independent	0	2
Customer	1	2
Total	8	9



## Change Proposal Recommendation (CPM040/CPW121)

1. Is the **CPM040/CPW121 Proposed** solution better than the baseline (today's arrangements) ?

## CPM021 Amendments – Election & Engagement



Election process has been ringfenced

Code obligation amended to engage TP's and stakeholders in line with the engagement policy





## Change Proposal Recommendation (CPM021/CPW125)

1. Is the **Proposed** solution better than the baseline (today's arrangements) ?
2. Is the **Alternative** solution better than the baseline (today's arrangements) ?
3. Is the **Alternative** better than the **Proposed** solution?



# CPM039 Amendments and Final Solution

Tom Daborn

# CPM039 Amendments



Theme	CPM039 – Original Solution	Sub-Group Recommendation	Proposer Amendment
<b>Wholesaler and Retailer representation</b>	Constituency not prescribed	Constituency prescribed with contingency provision	<b>Amended solution</b> Prescribe constituency. Flexible contingency provision that allows for the appointment of a member from different constituency or no appointment if criteria are not met.
<b>Detailed constituency and association representation</b>	Not prescribed	No amendment to solution	<b>No amendment to solution</b>
<b>Industry to non-industry ratio (Strategic Panel)</b>	Balanced: 1 Chair 3 Independent 1 Customer Rep 4 Industry	No amendment to solution: 1 Chair 3 Independent 1 Customer Rep 4 Industry	<b>No amendment to solution</b> Expect one independent to be customer expert. Can use the vacancy criteria to call this out.
<b>Industry to non-industry ratio (Code Change committee)</b>	Balanced: 1 Chair 2 Independent 2 Customer (Rep and Body) 4 Industry	No amendment to solution: 1 Chair 2 Independent 2 Customer (Rep and Body) 4 Industry	<b>No amendment to solution</b>

# CPM039 Amendments



Theme	CPM039 – Original Solution	Sub-Group Recommendation	Proposer Amendment
<b>Trading Party engagement and input (Strategic Panel)</b>	No codified mechanism for Trading Party engagement	Strategic Panel ToR to include Stakeholder Engagement	<b>Amended solution</b> Obligation to engage introduced into MAC. Does not prescribe how or with whom.
<b>Appointment Mechanism (Strategic Panel)</b>	Selection by Panel Nominations Committee (Ofwat, MOSL and optional seats for Defra and Strategic Panel Chair)	Transitional - Selection by nominations committee (Existing Panel Chair, Ofwat, Defra + 2 industry MOSL Board members)  Ongoing – Selection by nominations committee of Strat Panel (Chair, Ofwat, Defra + 2 Strat panel industry members)	<b>No amendment to solution</b> (Minimum of Ofwat and MOSL. Strategic Panel Chair and Defra as optional seats)  <ol style="list-style-type: none"> <li><i>PNC (Ofwat, MOSL and Defra) to appoint inaugural Strategic Panel Chair.</i></li> <li><i>Chair part of PNC to appoint inaugural members.</i></li> <li><i>Members appoint Chair going forwards as per current rules.</i></li> </ol>
<b>Appointment Mechanism (Code Change Committee)</b>	Selection by Strategic Panel	No amendment to solution	<b>No amendment to solution</b> Candidate must be nominated by Trading Party. List of nominations published in advance of decision making. List should detail the candidate, bio and who nominated them to provide transparency.
<b>Coverage of Customer Representation</b>	One customer representative on Strategic Panel Two customer representatives on Code Change Committee	No amendment to solution	<b>No amendment to solution</b>

# CPM039 Amendments



Theme	CPM039 – Original Solution	Sub-Group Recommendation	Proposer Amendment
<b>Environmental Stakeholders</b>	Defra affiliate member on strategic panel	No amendment to solution	<b>No amendment to solution</b>
<b>Strategic Panel remit outside of MAC &amp; WRC</b>	Not prescribed	No amendment to solution	<b>No amendment to solution</b>
<b>Observers at Panel meetings</b>	“Observers may attend a meeting of the Panel. Observers may speak at meetings of the Panel if invited to do so by the Panel Chair, but will not be entitled to vote.”	No amendment to solution Recommendation for a review of the Meeting protocols	<b>No amendment to solution</b>
<b>Association with ‘Panel’ (Strategic Panel)</b>	Strategic Panel	[Something other than Panel?]	<b>No amendment to solution</b> To remain the Strategic Panel for the time being. Housekeeping change to be raised following CPM039/CPM021 to amend name of body if required.
<b>Transitional Arrangements</b>	N/A	N/A	Extension to current Panel for <b>maximum</b> six months to facilitate continuation of Panel functions whilst inaugural Strategic Panel and Code Change Committee are formed.



# Governance Sub-Group Alternative Solution

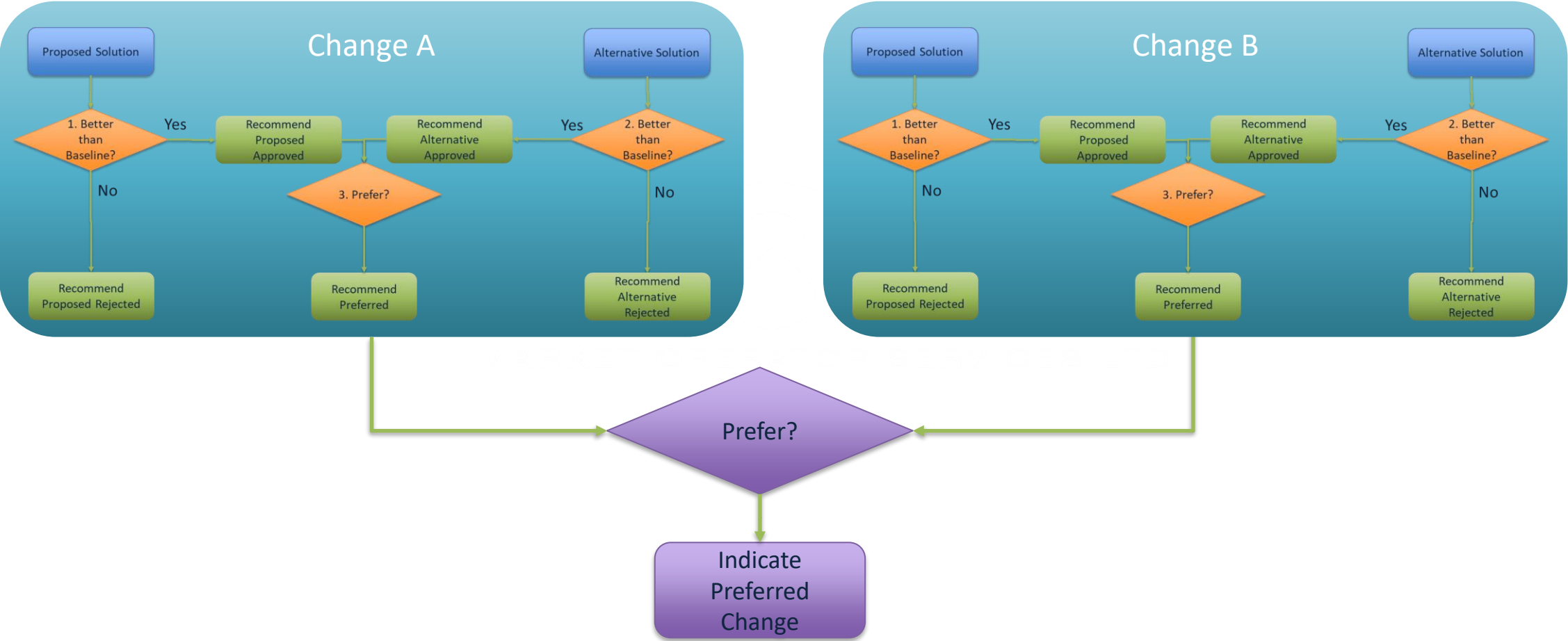
Tom Daborn



## Sub-Group Alternative Solution

Theme	CPM039 Solution	Sub-Group Alternative
<b>Appointment Mechanism (Strategic Panel)</b>	<p>Panel Nominations Committee to be comprised of:</p> <p>Transition - Ofwat, MOSL and optional seat for Defra and Strategic Panel Chair</p> <p>Ongoing – Ofwat, MOSL and optional seat for Defra and Strategic Panel Chair</p> <ol style="list-style-type: none"> <li>1. <i>PNC to appoint inaugural Strategic Panel Chair.</i></li> <li>2. <i>Chair part of PNC to appoint inaugural members.</i></li> <li>3. <i>Members appoint Chair going forwards as per current rules.</i></li> </ol>	<p>Panel Nominations Committee to be comprised of:</p> <p>Transition – Current Panel Chair (or Deputy), Ofwat, Defra and two industry MOSL Board members</p> <p>Ongoing – Strategic Panel Chair (or Deputy), Ofwat, Defra and two industry Strategic Panel members</p>
<b>Wholesaler and Retailer representation</b>	<p>Prescribe constituency.</p> <p>Flexible contingency provision that allows for the appointment of a member from different constituency or no appointment if criteria are not met.</p>	<p>[Flexible contingency provision that allows for the appointment of any person who has the relevant skillset and experience]</p>

# Competing Change Proposals with Alternative







## Change Proposal Recommendation (CPM039/CPW124)

1. Is the **Proposed** solution better than the baseline (today's arrangements) ?
2. Is the **Alternative** solution better than the baseline (today's arrangements) ?
3. Is the **Alternative** better than the **Proposed** solution?

## Change Proposal Recommendation (CPM021/CPW125 vs CPM039/CPW124)



1. Do you prefer the **CPM021/CPW125 Alternative** or the **CPM039/CPW124 Alternative** solution?