



# Panel Meeting 38 – Headline Report

10<sup>th</sup> December 2019

America Square Conference Centre, One America Square, London, EC3N 2LB

This Headline Report provides a record of the decisions made by the Panel.

## 1. CPW078 & CPM020 - Priority Performance Regime Changes for April 2020

The Panel considered CPM020 and CPW078 'Priority Performance Regime Changes for April 2020' which sought to enhance the effectiveness of the Market Performance Standards (MPS) regime by increasing the level of the monthly cap applied to charges progressively and amending MPS 3, 4, 12, 15, 16, 17 and 18. CPM020 is applicable to both the Proposed and Alternative Solutions. CPW078 contains a Proposed Solution and an Alternative Solution. The Panel were supportive of both the Proposed and Alternative Solutions but the majority view was that the Alternative was preferred.

The Panel:

- **AGREED** to recommend CPM020 Proposed Solution to the Authority for approval (Unanimous);
- **AGREED** to recommend CPM078 Proposed Solution to the Authority for rejection (8 in favour, 4 against)
- **AGREED** to recommend the CPM078 Alternative Solution to the Authority for approval (8 in favour, 4 against);
- **AGREED** to recommend an implementation date of 1 April 2020, if Authority approval is received by 1 March 2020 (Unanimous).

## 2. CPW075 'Forward Estimating' Sub-Group Nominations

The Panel considered the CPW075 'Forward Estimating' Sub-Group Nominations for Settlement Estimation.

The Panel:

- **AGREED** to appoint the following to the CPW075 'Forward Estimating' Sub-Group:
  - Adam Boyns (CC Water)
  - Collen Simcock (Water Plus)
  - Lishan Zeng (Thames Water)
  - John Brady (Castle Water)
  - David Oliver Sheppard (Northumbrian Water)



### 3. CPW081 Improving the Transparency of Alternative Payment Terms

The Panel considered Change Proposal CPW081 'Improving transparency of Alternative Payment Terms' which sought to improve the transparency of Alternative Payment Terms (APT) by creating a requirement for Wholesalers to notify the Authority (Ofwat) and the Market Operator (MOSL) of agreed APT arrangements, similar to that for Alternative Credit Arrangements.

The Panel:

- **AGREED** to recommend implementation of CPW081 to the Authority for approval (Unanimous).
- **AGREED** to recommend an implementation date of:
  - 1 April 2020, if Authority approval is received by 28 February 2020; or
  - 15 May 2020, if Authority approval is received by 21 March 2020.
- **AGREED** the proposal better facilitates the Objective and Principles of the WRC.

### 4. CPW084 Retailer Measure of Experience (R-MeX)

The Panel considered Change Proposal CPW084 'Retailer Measure of Experience (R-MeX)'. This change sought to further develop the Market Performance Framework to include a Retailer Measure of Experience (R-MeX) with Wholesaler services.

The Panel:

- **AGREED** unanimously to recommend the implementation of CPW084 to the Authority for approval
- **AGREED** to recommend an implementation date of:
  - 1 April 2020, if Authority approval is received by 12 February 2020; or
  - 15 May 2020, if Authority Approval is received by 31 March 2020
- **AGREED** the proposal better facilitates the Objective and Principles of the WRC.

### 5. CPW079 Protection for Credit Support Security

The Panel considered the Draft Recommendation Report for Change Proposal CPW079 Protection for Credit Support Security which sought to address circumstances in which a Wholesaler draws on Credit Security above the level of payment owed by a Retailer.

The Panel:

- **AGREED** that the change was not urgent but required an expediated timeline;
- **AGREED** to recommend that the Authority approve the Proposed Solution (9 in favour, 1 against, 1 abstention);
- **AGREED** to recommend implementation three (3) Business Days after Authority approval.



## 6. Credit Committee Workplan

The Panel discussed a proposed addition to the Credit Committee's terms of reference to include consideration of security of Retailers' credit support funds and methods of ring-fencing them.

The Panel:

- **AGREED** unanimously to the addition to the Credit Committee's Terms of Reference.