

Ad-hoc Panel Meeting 45a and 45b – Headline Report

28 July and 30 July 2020
Videoconferencing Only

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

1 Draft Recommendation Report: CPW101/CPM031 – Unwinding Temporary COVID19 Arrangements in the Business Retail Market

The Panel considered the Authority Timetabled Change Proposal '[CPW101/CPM031: Unwinding temporary COVID-19 Arrangements in the Business Retail Market](#)' at Panel Meeting 45a (28 July 2020). This change sought to unwind the measures currently in place to mitigate the impact of COVID19 on the Non-Household Retail market, specifically in relation to payment deferral and repayment. The proposed solutions would:

- Extend the ability for Retailers to defer primary charges until the end of October 2020 but cap the maximum deferred amount for each Retailer to a cap equal to 40% of primary charges due from March-July 2020;
- Require that all deferred amounts are repaid by the end of March 2021 (Parties can agree their own repayment profile but a backstop re-payment profile is provided where no agreement can be reached);
- Require Retailers to validate all supply points that became vacant during the Covid-19 period (16 March – 31 July) as vacant supply points under the standard definition of vacancy effective from 1 August 2020 or return them to occupied;
- From October P1 Credit Support Requirements, Retailers who have met the validation requirements for supply points made vacant during the Covid-19 period and have no unvalidated vacant supply points will be able to return to the standard credit support requirements;
- Extend the suspension of Operational Performance Standards (OPS) and Market Performance Standards (MPS) to the end of September and October 2020 respectively.

The Panel:

- **AGREED** (unanimous) to recommend the implementation of CPW101/CPM031 to Ofwat for approval (12 in favour);
- **AGREED** (unanimous) to recommend an implementation date of;
 - 1 August 2020, if Ofwat approval is received by 30 July 2020.



2 Draft Recommendation Report: CPW100 – Revision to Credit Support Requirements under CPW095

The Panel considered Change Proposal [‘CPW100: Revision to Credit Support Requirements under CPW095’](#) at Panel Meeting 45a (28 July 2020), and Panel Meeting 45b (30 July 2020). This change sought to remove the requirement for a Retailer to maintain its Credit Support Amount at the same level as set out in the Credit Support Notices issued following publication of March 2020 P1 Settlement if the said Retailer had chosen not to participate in [‘CPW096: Payment Deferral \(Medium Term\)’](#).

Panel Members re-convened on 30 July to ensure there was clarity over the case for change when considered against the market codes baseline and to consider whether to express a preference for the credit provisions set out in CPW101 or CPW100.

The Panel:

- **AGREED** to recommend that Ofwat reject¹ the implementation of CPW100;
- **AGREED** to recommend an implementation date of;
 - 1 August 2020, if Ofwat approval is received by 31 July 2020.

¹ Seven Panel Members voted in favour of CPW100. Five Panel Members voted against CPW100. As the required number of votes in favour (simple majority of votes cast plus one vote) was not reached the Panel did not recommend that the change be implemented and, as per the Market Arrangements Code, therefore recommended that CPW100 be rejected.