

## Change Process Criteria

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## Initial Acceptance Criteria

**If a problem statement matches any of the initial acceptance criteria, it will not be presented to the Code Change Committee for acceptance.**

The Initial Acceptance Criteria are applied by the Market Operator, developed and maintained by the Code Change Committee and approved by Ofwat. Any updates will be published and clearly communicated to all market participants.

Criteria	Explanation
<p><b>1. The problem statement is incomplete or insufficiently clear on any of the following:</b></p> <ul style="list-style-type: none"> <li>- Issue</li> <li>- Root cause of the issue</li> <li>- Actors involved in the environment of the problem</li> <li>- How the problem impacts the proposer, customers, wider market</li> <li>- How the problem inhibits the delivery of MAC and WRC objectives and principles</li> </ul>	<p>A change Proposal may fail the Initial Acceptance Criteria on the basis of missing information from mandatory fields. This sets a minimum expectation of potential proposers, avoids ambiguity, helps prevent reverse engineering, requires proposers to think more deeply about issues, and allows the Market Operator to identify areas where it can support the development and assessment of the problem statement. A similar requirement exists in the <a href="#">Retail Energy Code - Schedule 5 (8.1a)</a></p>
<p><b>2. The problem that is seeking to be addressed is not materially different from an active problem statement that has not yet been decided upon by the CCC.</b></p>	<p>Prevents duplication and wasted effort across the Market Operator, CCC and wider industry. Improved change reporting should enable potential proposers to be aware of the change programme. An active problem statement is one defined as having been accepted by the CCC but the CCC has not yet formed a recommendation to Ofwat either to implement or reject it. A similar requirement exists in the <a href="#">Retail Energy Code - Schedule 5 (8.1b)</a></p>

Criteria	Explanation
<b>3. The problem statement concerns matters that are outside the scope of the MAC and/or WRC</b>	<p>If the Market Operator determines that the issue can be, and should be, resolved outside of the market codes, the process ends early. This could also mitigate the submission of change proposals that only impact one or two parties on the basis of their bilateral relationship, rather than the market codes being the fundamental issue. A similar requirement exists in the <a href="#">Retail Energy Code - Schedule 5 (8.1c)</a></p>
<b>4. The problem is being separately considered within the scope of an existing or scheduled improvement programme by the market operator.</b>	<p>Early intervention and direction by the Market Operator ensures that the CCC is presented with items that are distinct in purpose and scope from other workstreams, reducing duplication of effort.</p> <p>For example, when assessing the problem statement against this criterion, the Market Operator might refer the issue to the Metering Committee. However, the Metering Committee might disagree that the problem statement falls within the scope of their improvement work, meaning that the problem statement (providing it passes the remaining Initial Acceptance Criteria) will ultimately be presented to the CCC. The CCC can then decide whether to pursue the problem statement as a standalone issue or recommend sending a new improvement programme to the Strategic Panel.</p>
<b>5. The problem is being separately considered within the scope of an existing or scheduled policy review by the Authority.</b>	<p>If Ofwat is planning to conduct a policy review (e.g. PR24, REC review etc.) that includes the problem highlighted, early intervention and termination could avoid duplicative and nugatory efforts.</p>

## Acceptance and Prioritisation Criteria

**These criteria determine whether the problem statement should be accepted for solution development, and if accepted over what timeframe reflecting its priority relative to other changes.**

The criteria are applied, developed and maintained by the Code Change Committee and approved by Ofwat.

Criteria	Description
<b>Evidence based problem</b>	Is the problem statement sufficiently clear and presented with sufficient evidence to support the issue to allow the CCC to make a reasoned decision?
<b>Legislative or regulatory imperative</b>	Whether the change is needed to meet a new or amended legal or contractual obligation imposed on the parties to the codes.
<b>Case for change</b>	<p>A judgement of whether the problem statement affects the Primary Principle. The Primary Principle is distinguished from the other WRC and MAC principles to put customers at the forefront of decision making.</p> <p>A judgement of whether the problem statement affects the WRC Objectives and remaining MAC and WRC principles, in effect the costs and risks to industry participants.</p> <p>A judgment of costs associated with assessing and developing the problem statement and solution(s), borne in totality across the industry (consultation costs, subgroup costs, market operator costs etc.).</p>

Criteria	Description
<p><b>High level drivers</b></p>	<p>A judgment of the degree to which a problem is hindering the strategic market outcomes. Assessment would use the <a href="#">Strategic Panel Priorities</a> in place at the time, to inform and rationalise this judgment.</p> <p>A judgment to the degree that a change addresses a risk or issue identified in the <a href="#">market risk and issues tracker</a>, including where the problem statement identifies a new risk to be added to the market risk and issues tracker. This judgement may need to recognise the significance of that risk or issue in the tracker and any overlap between the risk or issue and strategic outcomes.</p>
<p><b>End state</b></p>	<p>A judgement of whether the opportunity cost of developing a solution for the problem statement will likely be outweighed against doing nothing.</p>

## Urgent Change Process Criteria

The Urgent Change Proposal Criteria are determined by Ofwat as follows:

When determining whether a Change Proposal should be considered urgent status, the Panel will determine whether it meets at least one of the following principles:

1. It must be linked to an imminent issue or a current issue that if not urgently addressed may cause:
  - a. A significant commercial impact on a party or parties, consumers or other stakeholder(s);
  - b. A significant impact on the safety and security of the Central Market Operating System; or
  - c. A party to be in breach of any relevant legal obligations; and/or
2. The issue provides a material and immediate risk of causing a significant impact on the development and/or operation of the business retail market.
3. The code modification is required to comply with or implement any Law.