

Acceptance and Prioritisation

CPM067: Change Acceptance and Withdrawals

Proposer

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MOSL

Summary of the change

CPM067 seeks to address how Initial Acceptance appeals and withdrawals operate within the code change process. It aims to reduce regulatory burden and improve how unsupported or unclear changes move through the market governance framework.

Any Questions?

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Purpose



The Code Change Committee is invited to:

- **AGREE** CPM067 passes the Acceptance & Prioritisation Criteria
 - **AGREE** the scope to be considered during assessment
 - **AGREE** the engagement plan
 - **AGREE** that a PIR is not required.
-

Impacts



Impacts on:

- Customers
 - Wholesalers
 - Retailers
 - MAC
-

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This paper informs the Code Change Committee (CCC) decision whether CPM067 passes the Acceptance and Prioritisation Criteria and if so, how it should be progressed.

This document has 1 attachment:

- Attachment 1 contains the Change Proposal Form

The Code Change Committee will consider this change at its meeting on 10 February 2026. It will determine whether to accept the change into the change process or recommend rejecting it. If accepted the committee will decide whether to accept the proposed plan for progressing it.

For further information, please see the Change Proposal Log on the MOSL [website](#) or contact the Code Change Secretariat at: codechange@mosl.co.uk

1 Executive Summary

The estimated reading time for this paper is around [30] minutes.

1.1 Ask of the CCC

The Code Change Committee (CCC) is invited to decide if CPM067 has met the Acceptance and Prioritisation Criteria. If so, it is invited to approve the assessment plan set out in section 5.

1.2 Recommendation on Acceptance and Prioritisation Criteria

MOSL recommends CPM067 passes the Acceptance and Prioritisation Criteria as set out in section 4.

1.3 Scope for Assessment

CPM067 will assess whether the current Initial Acceptance appeal and withdrawal routes create unnecessary regulatory burden or governance risk within the code change process.

It will also assess whether changes to the Initial Acceptance Criteria wording would improve clarity, efficiency and decision making.

The assessment will consider impacts on trading parties, MOSL, the Code Change Committee and Ofwat.

It will also consider risks, costs, behaviour change and whether alternative solutions could address the issue more proportionately.

1.4 Assessment Plan

CPM067 is a functional change because it alters how appeals and withdrawals operate within the formal change governance framework.

A formal objection window is recommended to gather views from trading parties that may disagree with the solution proposed.

These approaches support transparent and balanced solution development in line with the Guidelines for Engagement on Code Change.

The Code Change Committee is asked to approve this approach to assessing CPM067.

1.5 Post implementation review

A Post Implementation Review is not proposed for this change because the impact is expected to be limited and low risk.

Given the low frequency of cases so far, there is no clear basis to define meaningful review measures.

The Code Change Committee could request a review in the future if evidence of impact emerges.

1.6 Recommendation

The Code Change Committee is invited to:

- **AGREE** CPM067 meets the Acceptance & Prioritisation Criteria.
- **AGREE** the scope to be considered in the assessment;
- **AGREE** with the assessment plan; and
- **AGREE** that a PIR is not required.

2 Problem Statement

2.1 Background

This change sits within the governance framework set out in section 6 of the Market Arrangements Code and focuses on how changes move through the process.

Under the current process, MOSL acts as the gatekeeper through the Initial Acceptance Criteria, but any appeals to its decision go straight to Ofwat and bypass the CCC. Once a change enters the process, it cannot be withdrawn even when the proposer, MOSL and the committee agree it should not continue.

This creates cases where weak or unsupported changes still require a formal regulatory decision despite having no clear business case.

The change aims to make this part of the framework clearer, more proportionate and better aligned with how the market operates.

2.1.1 Strategic Panel Priorities

The Strategic Panel has set priorities around effective governance, better use of industry resources and ensuring change delivers value for non-household customers.

This proposal supports those priorities by reducing unnecessary regulatory involvement in early stage or unsupported changes. It also strengthens the role of the Code Change Committee as the main forum for deciding whether changes should proceed.

This helps the market focus on changes that have clear evidence, clear support and a clear link to customer outcomes.

2.1.2 Market Risks and Issues

The Market Risk and Issues framework highlights ongoing concerns around governance burden and the time taken to progress change.

The current appeal and early rejection processes increase these risks by requiring Ofwat to decide on changes that the market no longer supports. This change reduces that exposure by allowing the Code Change Committee to resolve most early-stage issues.

It also creates a clear route to withdraw changes that no longer have a viable business case.

2.2 The issue

The current change process creates governance risk when changes fail the Initial Acceptance Criteria or lose support after they enter the formal process. The issue is both procedural and regulatory in nature and affects how changes enter, progress through and exit the Market Arrangements Code framework.

The issue is market wide because it applies to all code changes and to all parties that engage with the process. It arises whenever MOSL rejects a change or when a change no longer has a viable case after acceptance.

These situations occur with increasing frequency as the volume and complexity of change grows. The impact may be high because each case can require Ofwat to decide on changes that are incomplete or no longer supported. This creates regulatory risk, delays and wasted market effort. It also weakens the role of the Code Change Committee in controlling and prioritising change.

2.3 Impacted parties

2.3.1 Wholesalers

Wholesalers are affected because they must engage with change proposals even when those changes no longer have a clear business case or stakeholder

support. This increases governance effort and creates unnecessary cost through consultation, analysis and internal approval activity.

The current process also creates uncertainty when changes remain active despite lacking a realistic route to implementation. That makes it harder for wholesalers to plan system, billing and operational changes.

2.3.2 Retailers

Retailers face similar impacts because they must review and respond to change proposals that the market already considers non-viable. This diverts limited change and regulatory resources away from proposals that could improve customer service or competition. It also increases fatigue with the change process, which can reduce engagement with changes that matter. This risks weakening the quality of market input over time.

2.3.3 Customers

All non-household customers are affected because inefficient change governance slows delivery of improvements that could reduce cost, improve service or increase trust in the market. Resources spent on weak or unsupported changes reduce the focus on reforms that deliver direct customer benefit.

This creates a risk that customer focused priorities progress more slowly than they should. It also increases the cost of governance that customers ultimately fund.

2.3.4 Market Operator

MOSL is affected because it must manage and progress changes even when proposers no longer support them. It also must prepare evidence for Ofwat decisions where analysis is incomplete or no longer relevant. This creates operational inefficiency and increases delivery and reputational risk. It also limits MOSL ability to focus on changes that have strong market support and clear outcomes.

2.4 Evidence of the issue

This change proposal identifies a risk in how appeals and withdrawals operate within the change process, rather than evidence of a clear failure or breach of the codes.

The lack of evidence to date indicates a low frequency issue that has not yet occurred but could arise in the future.

Current practice remains aligned with the codes because MOSL and Ofwat are applying the appeal and early rejection routes set out in the MAC.

No cost data has been provided on the impact of this issue on trading parties or MOSL.

2.5 Impact of not addressing the issue

If the issue is not addressed, customer outcomes are unlikely to be directly affected in the short term. However, delays to higher value changes could occur if regulatory time is spent on weak or unsupported proposals.

Over time this could slow the delivery of improvements that reduce costs, improve service or increase trust in the market. This risk increases if the volume of changes continues to grow.

Trading parties and MOSL would continue to spend time engaging with changes that no longer have a viable case. This increases governance effort and reduces capacity for more beneficial change.

MOSL would also continue to carry risk when it must prepare evidence for Ofwat decisions on changes that lack full analysis or market support. This could increase operational burden and regulatory exposure.

While the impact has so far been limited, repeated cases could lead to inefficiency and reduced confidence in the change process over time.

3 Assessment against the Initial Acceptance Criteria

The Market Operator considers that CPM067 passes the Initial Acceptance Criteria and is ready for presentation to the Code Change Committee.

Initial Acceptance Criteria	Rationale
The problem statement is incomplete or insufficiently clear on any of the following: Issue; Root cause of the issue; Actors involved in the environment of the problem; How the problem impacts the proposer customers and wider market; How the problem inhibits the	<p>Pass</p> <p>The change proposal clearly articulates the risk posed by the current arrangements. It outlines how this risk may be detrimental to the code change process and the wider market.</p>

Initial Acceptance Criteria	Rationale
delivery of MAC and WRC objectives and principles.	
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.	Pass The problem is not being addressed by any active problem statement.
The problem statement concerns matters that are outside the scope of the MAC and/or WRC.	Pass The matter is inside the scope of the MAC.
The problem is being separately considered within the scope of an existing or scheduled improvement programme by the Market Operator.	Pass The problem is not being separately considered within the scope of an existing programme.
The problem is being separately considered within the scope of an existing or scheduled policy review by the Authority.	Pass The problem is not being separately considered within the scope of an existing or scheduled policy review.

4 Assessment against the Acceptance and Prioritisation Criteria

CPM067 sits within the Strategic Panel priority to improve market governance and ensure the change process remains effective, proportionate and focused on delivering value for non-household customers. It seeks to address how decisions are made at the early and exit stages of the change lifecycle, which is a core part of that priority.

The change also aligns with the Strategic Panel Roadmap objective to simplify governance and reduce unnecessary regulatory burden where the market can resolve issues itself.

It supports clearer accountability between MOSL, the Code Change Committee and Ofwat.

As a Market Operator raised change, it links to MOSL Business Plan commitments to operate an efficient, transparent and well governed change process. It also supports MOSL duties to manage code governance in a way that uses industry and regulatory resources proportionately.

The proposal does not seek to change market outcomes directly but aims to improve how the market agrees and delivers change. This makes it especially relevant to the Acceptance and Prioritisation Criteria on efficiency, proportionality and strategic alignment.

The Market Operator has provided the following draft assessment of CPM067 against the Acceptance and Prioritisation Criteria:

Criteria	CPM067	Rationale
Evidence based problem	Fail	The issue is not supported by any cases, the evidence therefore shows a potential risk rather than a proven ongoing issue. This limits confidence that the problem is material at this stage.
Legislative of regulatory imperative	Fail	There is no new or amended legal or regulatory requirement that drives this change. The current code framework allows appeals and early rejection to operate as designed. The change is therefore discretionary rather than required for compliance.
Case for change	Pass	The change may improve efficiency and clarity in some situations. However, there is limited evidence that the current process creates material harm or cost. The scale of benefit therefore remains uncertain.
High level drivers	Pass	The change aligns with Strategic Panel priorities on governance efficiency and proportionality.

Criteria	CPM067	Rationale
		<p>However, the low frequency of the issue weakens the strength of this alignment.</p> <p>The driver is therefore more preventative than responsive.</p>
End state	Pass	<p>The proposed end state is clear and coherent.</p> <p>It aims to reduce regulatory involvement in unsupported changes while keeping oversight.</p> <p>The opportunity cost of assessment is low because the issue relates to governance rather than system change.</p>

4.1 Evidence Based Problem

There are no examples where Initial Acceptance decisions have been appealed or how often proposers disengage after acceptance.

This limits the ability to assess how common the issue may be.

As set out in section 2.4, the evidence points to a potential governance risk rather than a proven market wide problem.

4.2 Legislative of regulatory imperative

There is no legislative or regulatory requirement that mandates a change to the appeal or withdrawal process. The current arrangements are compliant with the Market Arrangements Code. Ofwat retains its decision-making role as defined in the codes.

The change is therefore not driven by legal or regulatory necessity.

4.3 Case for Change

The change does not directly affect the primary MAC principle on protecting and promoting non-household customers. Benefits from this change would be indirect through more efficient governance.

The change may support transparency, proportionality and efficiency by reducing regulatory involvement in unsupported changes. However, these benefits remain unproven due to limited evidence.

The change does not materially affect competition, resilience or market entry. Its impact is confined to governance and process.

4.4 High Level Drivers

The proposal aligns with Strategic Panel priorities on improving governance and reducing unnecessary regulatory burden. It also supports clearer roles between MOSL, the CCC and Ofwat.

However, the limited evidence means the issue is not currently a major barrier to those priorities. The driver is therefore preventative rather than driven by active harm.

The change relates to market risks around governance complexity and inefficient change management.

4.5 End State

The proposed end state is a change process that resolves appeals and withdrawals without unnecessary regulatory involvement. This could improve efficiency if the issue becomes more common.

The cost of assessing and developing a solution is mainly governance and consultation effort. There is no system or data change involved.

Therefore, the expected benefits of mitigating the issue outweighs the expected cost.

5 Desired Outcome

CPM067 seeks to achieve a change process that resolves appeals about Initial Acceptance and withdrawals without unnecessary regulatory involvement while keeping appropriate oversight and accountability.

The outcome is not fewer changes but better decisions about which changes should proceed and which should stop. Success would mean the Code Change Committee resolves appeals without Ofwat involvement.

It would also mean changes that lose proposer and committee support can exit the process without a full regulatory decision. As such, the market should see fewer cases where Ofwat reviews changes that lack a developed business case or market support. The market should also see clearer and faster decisions at the early stages of the change lifecycle.

In developing a solution, the process must clearly resolve the appeal and withdrawal issues without creating new gaps in oversight. Timescales should not increase for changes that have strong evidence and market backing. Any solution should work with existing governance systems and avoid new technology unless it delivers clear value.

The cost of operating the change process should not increase for trading parties or MOSL. The solution should not create incentives for parties to withdraw changes for tactical reasons. It should also avoid creating routes that bypass proper scrutiny.

Risks include reduced regulatory oversight or unclear accountability for decisions. These risks should be balanced against the benefit of faster and more proportionate governance.

5.1 Draft Solution

This draft solution would change the code so the Code Change Committee reviews appeals against Initial Acceptance decisions rather than sending them straight to Ofwat.

It would also allow a change to exit the process when both the proposer and the committee no longer support it.

It also removes confusing wording from the Initial Acceptance Criteria to make early decisions clearer.

5.2 Expected benefits and impact

Stakeholders	Current Experience	Post-Implementation Experience
Non-Household Customers	Ofwat’s resources are used on changes that the CCC have recommended for early rejection.	Ofwat resources are more likely to be on changes that are fully developed and in the interests of the customer.
Codes Panel	Recommends all changes accepted into the change process to Ofwat (implement or reject) and is bypassed for IAC fails	May review and overturn Market Operator decisions whether a change fails the IAC.

		Recommends all changes accepted into the change process to Ofwat (implement or reject) unless the proposer and committee agree the change should not proceed.
Market Authority (Ofwat)	Reviews appealed Market Operator’s decisions where a change fails the IAC. Assesses all changes accepted into the change process.	Only assesses changes recommended to it by the Code Change Committee.
Market Operator	Prepares recommendations to Ofwat (implement or reject) for all changes accepted into the change process.	Prepares recommendation to Ofwat (implement or reject) for changes accepted into the change process unless proposer requests the change is withdrawn. Prepares recommendation to Ofwat (implement or reject) or recommendation to CCC to withdraw for changes accepted into the change process if the proposer requests the change is withdrawn.

5.3 Estimated Cost

	MOSL	Market	Total
Assessment	£6,890	0	£6,890
Implementation	0	0	0
Objection Window	0	£4,875	£4,875
Ongoing (p.a.)	0	0	£11,765

The cost of this change is expected to be very low, with the only costs coming from assessment and the proposed objection window. The forecasted costs

above assume 5 trading party responses are received during the objection window.

6 Assessment Plan

6.1 Proposed Assessment Plan

The assessment should consider governance impact, regulatory risk, operational impact and potential cost for trading parties, MOSL and Ofwat.

It should also assess whether the change improves clarity, efficiency and proportionality without reducing oversight.

There is limited evidence on how often these situations occur and what cost they create. This evidence gap would need to be addressed through consultation and MOSL records.

A working group is not proposed for this change because the issue relates mainly to governance and process design.

Stakeholder views could be gathered through consultation and targeted engagement. The consultation should test whether parties have experienced similar issues and whether they support changes to appeals and withdrawal routes. It should also seek views on risks, unintended consequences and whether alternative solutions would be preferable.

External advice from Ofwat may be helpful to confirm regulatory expectations and any legal constraints.

No CMOS or Bilateral Hub data is required because the issue does not relate to operational processes or data transactions.

6.2 Proposed Engagement Plan

This is a governance and process change that affects how parties raise, appeal and exit code changes.

The aim of engagement is to test support and identify any risks of the proposed solution. To facilitate this, an objection window is proposed instead of a full consultation. This is due to the relatively low materiality of the change proposal and trading parties' capacity to respond during this period.

Change Type	Engagement Aim					
	Raise Awareness	Impacts on Industry	Impacts on Customers	Solution Creation	Solution Refinement	Solution Confirmation
Structural change	Webinar	Formal Consultation	Direct Engagement (CCW, Other customer groups)	Workshops	Workshops/ Formal Consultation	Workshops/ Formal Consultation
Functional change	Present at Forum/ Inform	Formal Consultation /Survey	Direct Engagement (CCW, Other customer groups)	Workshops /Interviews	Formal Consultation	Workshops/ Formal Consultation/ Objection Windows
Housekeeping change	Inform	N/A	N/A	N/A	N/A	Objection Window
Non-substantive Change	Inform	N/A	N/A	N/A	N/A	Objection Window

Table 1: Stakeholder Engagement Matrix

7 Proposed Timetable

Change Proposal Timetable	Date
CCC Accept and Prioritise	10 February
Objection window	April
Recommendation	9 June 2026
Ofwat Decision	16 September 2026
Implementation	16 October 2026

The proposed timeline has been developed in line with MOSL's recommendation to include an objection window.

8 Provisional Implementation date

As this is the first stage of the process, further investigation may be required. Solution may not be available, or there might be more than one solution therefore, this will only be a draft date subject to change.

- 13 October 2026, if Ofwat's approval is received by 13 September 2026.

9 Post Implementation Review

9.1 Proposed rationale

A Post Implementation Review is not proposed for this change because the impact is expected to be limited and low risk.

Given the low frequency of cases so far, there is no clear basis to define meaningful review measures.

The Code Change Committee could request a review in the future if evidence of impact emerges.

10 Market Operator Recommendation

The Market Operator recommends the CCC accept CPM067 as it passes the Acceptance and Prioritisation Criteria as outlined in section 2.7 and accept the engagement plan as outlined in section 4.2.

11 Impact on overall portfolio of changes

The impact of this problem on the overall change portfolio is low. The issue has not arisen to date and does not affect most change proposals.

It does not compete with any substantive changes for delivery capacity. Any work on this change would be limited to governance and process design.

The resource implication for MOSL and the committee would therefore be low.

12 Recommendation

The Code Change Committee is invited to:

- **AGREE** CPM067 meets the Acceptance & Prioritisation Criteria;
- **AGREE** the scope to be considered in the assessment;
- **AGREE** the Assessment Plan.
- **AGREE** that a PIR is not required.