

Panel Meeting 07 - Headline Report

27th June 2017

1. Minutes and Outstanding Actions

The Panel reviewed the minutes and outstanding actions of the Panel meeting held on 30th May 2017.

- The Panel **AGREED** upon the accuracy of the minutes, subject to some minor amendments, and for the final minutes to be published on the MOSL website.
- The Panel reviewed the actions and **AGREED** to close actions **A01_04, A03_04, A04_02, A04_05, A04_06, A05_01, A05_02, A06_07, A06_09, A06_04, A06_05** and **A06_06**, from the previous meetings, based on an update provided by the Panel Secretary.

2. Update from Ofwat

Delegates from Ofwat provided an update which covered the status of Change Proposals CPW005 and CPW001 that has previously been recommended to the Authority. They also indicated that they will be holding a strategic level workshop with the industry in the Autumn, to discuss current issues with credit arrangements. An update was provided on the license modification consultation for leakage adjustments, which will be going to a second round of consultation after addressing concerns from initial responses.

3. The Panel **NOTED** the presentation from Ofwat

4. Change Report

MOSL provided a monthly update to the Panel on the status and progress of currently in flight Change Proposals and highlighted key changes to the report since the previous meeting.

- The Panel **NOTED** the contents of this paper and the status of the Change Proposals.

5. Assessment Report: CPW012 – Flags on D1 Disaggregated Settlement Report

This paper set out the Change Proposal CPW012, to add flags in settlement reports to identify the method of volume estimation in settlement calculation. Following the Panel decision from a previous meeting for this change to go to further assessment, to better identify the impacts in terms of costs and benefits, this paper recommended an approach to go to Industry Consultation.

- The Panel **AGREED** to submit the Change Proposal for Industry Consultation; and
- The Panel **AGREED** the consultation questions as provided for in this paper with some amendments, and an additional question.

6. Further Assessment: CPW018 – Clarification on Unsecured Credit Allowance

This paper set out the re-assessment of Change Proposal CPW018, which proposed to enhance the clarity of the wording for the use of a parent company credit rating for the purposes of Retailers obtaining an Unsecured Credit Allowance. The recommendation of the paper was to submit the change to a targeted Industry Consultation to enable a final Panel decision on the change at its next meeting.

- The Panel **AGREED** to progress the Change Proposal to the Industry Consultation stage; and
- The Panel **AGREED** the questions to be considered in the Industry Consultation, with some minor amendments and an addition.

7. Initial Written Assessment: CPW019 – Alternative Eligible Credit Support

This paper set out a Change Proposal to Wholesale Contract, Schedule 1, Part 2: Business Terms, Schedule 3, Alternative Eligible Credit Support. The change seeks to ensure the codes reflect how insurance policies work in practice. The recommendation of the paper was that the change be considered urgent and progressed to an industry consultation.

- The Panel **AGREED** for the Panel Secretariat to draft a letter to the Chief Executive of The Water Retail Company, to encourage Wholesalers presented with insurance as a credit option to act in a reasonable manner that reflects good insurance industry working practice.
- The Panel **AGREED** to submit the change to pre-assessment by MOSL and the Proposer, so that a more fully formed and appropriate proposal could be presented to the Panel, given the complexity of the issue.

8. Updated Change Proposal Forms and Review Process

Following the code Change Proposal (CPM001) to remove the forms from the Market Arrangements Code (MAC), this paper set out the new Change Proposal forms for Panel approval.

- The Panel **AGREED** the new Change Proposal forms for publication on the Market Operator website, subject to some feedback and amendments; and
- The Panel **AGREED** the new Panel process for reviewing the forms going forward.

9. Change Proposal Withdrawal Process

This paper set out a withdrawal process for Change Proposals, to improve the efficiency of the process.

- The Panel **AGREED** the contents of the Change Proposal Withdrawal Policy set out in Appendix A, subject to some amendments; and
- The Panel **NOTED** that MOSL will publish the policy on the MOSL website.

10. Volume Estimating Caps

There is an obligation under the codes in CSD 0207 for the Market Operator to review the caps used in volume estimation and make recommendations to the Panel. This paper set out an analysis of the volume estimating caps and provided a recommendation on whether a Change Proposal is needed to update the values of these caps to more accurate figures.

- The Panel **AGREED** the volume estimating caps do not need changing; and
- The Panel **NOTED** its obligation to review the caps in the first quarter of 2018.

11. Introduction of the Market Incident Management Plan

The Panel received a presentation from MOSL on the role of the Market Incident Management Plan Committee (MIMP Committee), and a proposal was made to change the current provisions for the group in the Schedule 11 of the MAC. This would allow the membership provisions to be amended, to allow for a more manageable group in the event of a market incident.

- The Panel **NOTED** the presentation from MOSL; and
- The Panel **AGREED** for the provisions for a MIMP Committee to be re-worked, through a Change Proposal, to better suit the requirements of the group.

12. Monthly Committee Updates

As part of a new standing agenda item an update paper for each of the Committees was presented. Additionally, the Chair invited each of the Chairs of the Panel Committees to provide an update from their respective Committees.

- The Panel **NOTED** the contents of this paper and the feedback from the Committee Chairs.

13. Market Insights

This paper set out the regulatory landscape and policy changes in the market, following a previous action raised by Panel Members. This paper was presented as a strawman for feedback from the Panel.

- The Panel **NOTED** the contents of this paper.

14. Panel 2018 Meeting Dates

The Panel were presented with a set of proposed meeting dates for 2018 by the Panel Secretariat, with the intention for the proposed dates to be agreed and published on the MOSL website.

- The Panel **AGREED** to the proposed meeting dates outlined in this paper, except the proposed meeting on 24th July 2018; and
- The Panel **NOTED** that, once agreeing these meeting dates, they will be published on the Panel webpage.

15. Any Other Business (AOB)

A Panel Member requested an update on the suspension of Developer Services Operational terms, and it was clarified they were still currently suspended. The Panel has committed to reviewing this suspended item at the October 2017 Panel meeting.

There was no further business and the Chair closed the meeting.