

MARKET ARRANGEMENTS CODE CHANGE PROPOSAL

Change Proposal Reference <i>(To be completed by the Panel Secretary)</i>	CPM024	Version No	1.0
Type of Change Proposal:	Authority Timetabled Market Arrangements Code Change Proposal		
Submission Date	26/03/20		
Title: of Market Arrangements Code Change Proposal	Urgent housekeeping alignment of CPM020 with CPM023		
Summary: of Market Arrangements Code Change Proposal <i>(40 to 50 Words Maximum)</i>	Urgent housekeeping change to the MAC to complement the changes being made by CPM020 on 1 April 2020. This change is a consequence of CPM023 which was implemented on 23 March 2020 and changes the MAC wording upon which CPM020 was drafted.		
General Details of the Proposer			
Name of Proposer	Dan Mason		
Capacity (on behalf of a Trading Party, as a Panel Member, as the Customer Representative or the Market Operator).	On behalf of the Authority		
Contact Email	change@mosl.co.uk		
Telephone Number			
The Proposer recommends that this Change Proposal should: <i>(delete as appropriate)</i>	Proceed to Assessment		
	Proceed to Consultation		
	Proceed to Recommendation		
Is the change Urgent (Yes/No)? If yes, please provide reason for urgency (if applicable)	Yes CPM020 has been approved by Ofwat for implementation on 1 April 2020. If implemented without this amendment, the intended effect of CPM023 to suspend performance charges for March-May 2020 will be reversed.		

Related Documents	
Reference of any associated Code Panel Market Arrangements Code Change Proposal	CPW078 & CPM020 Priority Performance Regime changes for April 2020 CPM023 & CPW090 Suspension of Performance Standard Charges
Documents Accompanying Form	Nil
Market Arrangements Code Change Proposal Details	
Description of the issue or defect which this Market Arrangements Code Change Proposal seeks to address, as required under the Market Arrangements Code Section 7.1.2(b).	
<p>CPM023 was approved by Ofwat on 23 March 2020 for implementation on the same day through MAC version 14.0. CPM023 removed the requirement on the Market Operator to deliver invoices to Wholesalers for Market Performance Standard Charges (10.4.2.(c)) and Operational Performance Charges (10.4.2(d)) and to Retailers for Market Performance Charges (10.4.3(c)) in the months of March, April and May 2020.</p> <p>CPM020 was approved by Ofwat on 28 February 2020 for implementation on 1 April 2020. It will change these same paragraphs by removing 'other than during the Initial Suspension Period' and adds detail over the timing of the issue of these invoices.</p> <p>The combined effect of these changes is shown below, and results in provisions that do not work together and would undermine the intent of CPM023.</p> <p><i>10.4.2 Save as set out in Section 10.4.4, the Market Operator shall deliver invoices for each Undertaker Wholesale Business detailing:</i></p> <p><i>10.4.2(c) any Market Performance Standard Charges payable by the Undertaker Wholesale Business, and the months of March 2020, April 2020 and May 2020 no later than nine (9) Business Days, for invoices pertaining to performance up to and including March 2020, or fifteen (15) Business Days, for invoices pertaining to performance from April 2020 onwards, following the end of the relevant Month;</i></p> <p><i>10.4.2(d) any Operational Performance Standard Charges payable by the Undertaker Wholesale Business and the months of March 2020, April 2020 and May 2020 no later than nine (9) Business Days, for invoices pertaining to performance up to and including March 2020, or fifteen (15) Business Days, for invoices pertaining to performance from April 2020 onwards, following the end of the relevant Month;</i></p> <p><i>10.4.3 Save as set out in Section 10.4.4, the Market Operator shall deliver invoices for each Retailer Business detailing:</i></p> <p><i>10.4.3(c) any Market Performance Standard Charges payable by the Retailer Business and the Months of March 2020, April 2020 and May 2020 no later than nine (9) Business Days, for invoices pertaining to performance up to and including March 2020, or fifteen (15) Business</i></p>	

Days, for invoices pertaining to performance from April 2020 onwards, following the end of the relevant Month;

The timetable for progressing CPM024 is as follows:

Panel Meeting: Tuesday 31 March 2020

Authority Decision: Tuesday 31 March 2020

Implementation Wednesday 1 April 2020

Description of the Market Arrangements Code Change Proposal, its nature and purpose and how it is consistent with the Market Arrangements Code Principles and required under the Market Arrangements Code Section 7.1.2(c)

This change re-inserts 'other than during' and removes the 'and' after Initial Suspension Period, whilst retaining the removal the 'Initial Suspension Period' from the MAC as shown in red text below.

Further, in order to avoid confusion on the months for which invoices will be issued as a result of the three-month suspension in CPM023, changes shall be made to the months mentioned under CPM020. This will be effected by clarifying the last month for which the old invoice timing for Performance Standard charges will take place, which will be changed from 'March' to 'February' 2020; and when the new Priority Performance Regime Changes (CPW078) kicks in, the month where the new invoice timing will be applied pertains to performances from 'June' 2020 onwards instead of 'April' 2020 onwards.

By making these wording changes, it preserves the intent of both CPM023 (suspends invoicing for Performance Standards Charges in March, April and May 2020) and CPM020 (shifts back invoicing timescale after CPW078 is implemented).

The following sections in MAC version 15.0 will then read as follows:

10.4.2 Save as set out in Section 10.4.4, the Market Operator shall deliver invoices for each Undertaker Wholesale Business detailing:

*10.4.2(c) any Market Performance Standard Charges payable by the Undertaker Wholesale Business **other than during, and** the Months of March 2020, April 2020 and May 2020 no later than nine (9) Business Days, for invoices pertaining to performance up to and including **February March** 2020, or fifteen (15) Business Days for invoices pertaining to performance from **June April** 2020 onwards, following the end of the relevant Month;*

*10.4.2(d) any Operational Performance Standard Charges payable by the Undertaker Wholesale Business **other than during and** the Months of March 2020, April 2020 and May 2020 no later than nine (9) Business Days, for invoices pertaining to performance up to and including **February March** 2020, or fifteen (15) Business Days for invoices pertaining to performance from **June April** 2020 onwards, following the end of the relevant Month;*

10.4.3 Save as set out in Section 10.4.4, the Market Operator shall deliver invoices for each Retailer Business detailing:

*10.4.3(c) any Market Performance Standard Charges payable by the Retailer Business **other than during, and** the Months of March 2020, April 2020 and May 2020 no later than nine (9)*

Business Days, for invoices pertaining to performance up to and including ~~February March~~ 2020, or fifteen (15) Business Days, for invoices pertaining to performance from ~~June April~~ 2020 onwards, following the end of the relevant Month;

Principles

Description of the principles affected by the Change Proposal on the items below (if applicable) as detailed under Schedule 1 Market Arrangements Code Principles and Definitions

Principles	Affected (Y/N)	Description
Efficiency	Y	This change will preserve the intent of CPM023 to suspend performance charges for three months and CPM020 to amend when invoices should generally be issued.
Proportionality		
Transparency	Y	This change will ensure the MAC legal text drafting is clear English.
Barriers to entry		
Non-discrimination		
Customer participation		
Seamless markets		
No limit on upstream competition		

Description of any consultation carried out in advance of the Market Arrangements Code Change Proposal being made (if any), as required under the Market Arrangements Code Sections 7.1.2(f).

None

Further Information

Key

	To be completed by the Market Operator
	To be completed by the Proposer