

# MARKET ARRANGEMENTS CODE CHANGE PROPOSAL

<b>Change Proposal Reference</b> <i>(To be completed by the Panel Secretary)</i>	<b>CPM003</b>	Version No	<b>2</b>
<b>Type of Change Proposal:</b>	Code Change Proposal		
<b>Submission Date</b>	9 <sup>th</sup> August 2017		
<b>Title:</b> of Market Arrangements Code Change Proposal	Revised MIMP Committee Composition		
<b>Summary:</b> of Market Arrangements Code Change Proposal <i>(40 to 50 Words Maximum)</i>	This proposal wishes to re-work the provisions of the Market Incident Management Plan Committee as specified in Schedule 11 of the Market Arrangements Code in order to better suit the requirements of the group.		
<b>General Details of the Proposer</b>			
<b>Name of Proposer</b>	Mihai Ciurba		
Capacity (on behalf of a Trading Party, as a Panel Member, as the Customer Representative or the Market Operator).	Market Analyst MOSL		
<b>Contact Email</b>	Mihai.ciurba@mosl.co.uk		
<b>Telephone Number</b>	N/A		
<b>The Proposer recommends that this Change Proposal should:</b> <i>(delete as appropriate)</i>	Proceed to Consultation		
<b>Is the change Urgent (Yes/No)?</b> If yes, please provide reason for urgency (if applicable)	No		

## Related Documents

Reference of any associated Code Panel Market Arrangements Code Change Proposal

Not applicable

Documents Accompanying Form

Drafting

- Market Arrangements Codes

## 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).

The Market Incident Management Plan (MIMP) Committee is one of the three committees that the Market Arrangements Code (MAC) requires the Panel to establish. Provisions around this committee are detailed in Schedule 11 of the MAC, including membership and a requirement for the Market Operator to provide secretariat support to the committee.

The rationale behind establishing the MIMP Committee is to oversee the Market Incident Management Plan and to facilitate Plan Rehearsals between the Market Operator and Trading Parties. As such, the MIMP Committee will be involved in the governance processes surrounding the Business Continuity Management Framework.

At the same time, for cases where the MIMP has been Invoked or is about to be Invoked, the current market codes provisions require the same MIMP Committee to provide a strategic, and market wide, response to an Incident which affects multiple Trading Parties and the Market Operator and impedes normal market operations. This Change Proposal argues that such an arrangement is not efficient, and proposes a way forward further below.

The current membership provisions in Schedule 11 state that each Trading Party shall be a member of the MIMP Committee. This includes the Contract Managers of each Trading Party and, if required, business continuity plan and disaster recovery plan managers. In addition, MIMP Committee membership will include the Directors, which are the board of directors of the Market Operator appointed in accordance with the MAC.

At the time of writing this Change Proposal, there were 61 Trading Parties. This then translates, under the current MAC provisions, in, as a minimum, 61 member's representatives of Trading Parties. This number will further increase by adding the representatives of the Authority, the Directors and the Market Operator's business continuity plan and disaster recovery plan managers. It is likely that the MIMP Committee established under Schedule 11 of the MAC will exceed 70 members.

As briefly mentioned above, the current provisions in Schedule 11 of the MAC do not make a distinction between the two major roles that the MIMP Committee needs to perform and suggest that the same group performs both of the below functions:

- overseeing the governance processes surrounding the Business Continuity Management Framework; and
- providing a strategic response of an incident.

This Change Proposal argues however that such distinct roles cannot be effectively and efficiently delivered by the same group, as the nature of tasks performed are vastly different, which require the membership and expertise of the groups to be different.

As one of the core function of the MIMP Committee is to actively manage an incident when the Market Incident Management Plan has been Invoked, and provide the strategic response under such circumstances, it becomes difficult to envisage an effective and efficient response with a committee of over 70 members, as per the current provisions of the MIMP Committee. As a timely response and decisive actions are required in case of a major incident affecting multiple parties, for such purposes to ensure a prompt return to normal operations, the Change Proposal proposes that the Market Operator shall establish, on behalf of the MIMP Committee, a sub-group which consist of a small number of individuals and will be tasked solely with the strategic management of an incident, as delegated to it by the MIMP Committee.

To this end, it is proposed that the current provisions in Schedule 11 of the MAC are amended in order to provide more flexibility in terms of the MIMP Committee membership, as even a group overseeing the governance processes surrounding the Business Continuity Management Framework will find it difficult to operate under the existing MAC provisions. This allows for the creation of a more manageable group and enables the creation of a committee, under its terms of reference, which better suits the requirements of the group.

In addition, the creation of a sub-group by the Market Operator on behalf of the Market Incident Management Plan Committee will provide further flexibility and reflect good working practices for the management of a market incident.

Additionally, Schedule 11 of the MAC does not contain any roles and functions that the MIMP Committee shall perform, and describes only the membership and secretariat provisions. In contrast, the Trading Disputes Committee and the Market Performance Committee have specific roles assigned to them in the MAC. The roles and functions of the MIMP Committee are detailed in CSD 0007 (Business Continuity Management), but there is merit, from a consistency perspective, to bring the roles on the MIMP Committee in the MAC.

In addition, we believe there are additional functions that the MIMP Committee should perform, but which are not currently drafted in either CSD 0007 (Business Continuity Management), the MAC, or another market code document. As the existing roles of the MIMP Committee do not fully describe the responsibilities and duties of the group, to the extent that a cohesive image of the committee is difficult to establish, it is proposed to further define the functions and roles of the MIMP Committee in Schedule 11 if the MAC. This includes adding a function to the MIMP Committee to delegate its role and functions which relate to the strategic management of an incident to a sub-group established by the Market Operator on behalf of the MIMP Committee.

As a consequence of including the role and functions of the MIMP Committee in Schedule 11 of the MAC, there is the need to amend some other sections of the MAC to change the reference to CSD 0007 as the document which contains the roles and functions of the MIMP Committee.

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)

In relation to the issues identified above, the following amendments are proposed:

### **Section 5.2.1**

The Panel shall carry out the following activities:

- (o) establish the Market Incident Management Plan Committee in accordance with the provisions of Schedule 11 (Market Incident Management Plan Committee), which committee shall perform the role and functions of the Market Incident Management Plan Committee as described in ~~CSD 0007 (Business Continuity Management)~~ Schedule 11;

### **Section 5.2.2**

The Market Operator shall provide the administrative and other support required by:

- (d) the Market Incident Management Plan Committee, in order to perform its role and functions as set out in ~~CSD 0007 (Business Continuity Management)~~ Schedule 11 (Market Incident Management Plan Committee); and

### **Schedule 11 – Market Incident Management Plan Committee**

- 1 In this Schedule 11 only, the definitions set out in CSD 0007 (Business Continuity Management) shall also apply.

#### **Rationale for the Market Incident Management Plan Committee**

- 2 The Panel shall establish the Market Incident Management Plan Committee to oversee the Market Incident Management Plan in accordance with the provisions of CSD 0007 (Business Continuity Management) and, through expressly delegating such of its role and functions to a sub-group, actively manage an incident when the Market Incident Management Plan has been Invoked or is about to be Invoked.

- 3 The Market Incident Management Plan Committee shall, through its sub-group, provide a strategic response to an incident and facilitate the flow of information between Trading Parties, the Market Operator, and other parties affected by an incident.

#### **Market Incident Management Plan Committee role and functions (delegated by the Panel)**

- 4 The role and functions of the Market Incident Management Plan Committee shall include (but shall not be limited to):
  - 4.1 reviewing and making recommendations to the Market Operator of any changes to the Market Incident Management Plan on an annual basis in accordance with best practice guidelines;
  - 4.2 reviewing the lessons learned report;

- 4.3 facilitating Plan Rehearsals between the Market Operator and Trading Parties;
- 4.4 making recommendations to the Panel that the Wholesale-Retail Code (including any Code Subsidiary Document) be modified in order to enhance the Business Continuity Management Framework;
- 4.5 delegating the Market Incident Management Plan Committee role and functions which relate to the strategic management of an incident to a sub-group, including, but not limited to:
  - 4.5.1 where the Market Incident Management Plan has been Invoked, issuing instructions to all affected Trading Parties;
  - 4.5.2 agreeing a revised measure of Normal Operations with the Market Operator in cases where the predefined Normal Operations point within the Market Operator's Business Continuity Plan is unachievable; and
- 4.6 such other role and functions as the Panel may delegate to it from time to time.

### **Membership**

- 5 The Panel shall determine terms of reference for the Market Incident Management Plan Committee and any sub-group of the Market Incident Management Plan Committee. The terms of reference shall include provisions regarding the membership of the committee and any sub-group of the Market Incident Management Plan Committee.
- 6 Each Market Incident Management Plan Committee member and each member of any sub-group established by the Market Operator on behalf of the Market Incident Management Plan Committee shall act impartially and independently of the interests of his employer and of any person or class of persons and, in exercising his functions under this Schedule 11 (Market Incident Management Plan Committee), shall not be bound by or follow the instructions of any person save as set out expressly herein.

### **Other Market Incident Management Plan Committee requirements**

- 7 The Market Operator shall establish a sub-group, on behalf of the Market Incident Management Plan Committee, to which the Market Incident Management Plan Committee shall delegate its role and functions which relate to the strategic management of an incident.

8 The Market Operator will provide secretariat support to the Market Incident Management Plan Committee, which will involve, without limitation, taking minutes of any meetings of the Market Incident Management Plan Committee and maintaining any actions list produced at a meeting of the Market Incident Management Plan Committee.

~~1 Membership~~

~~1.1 Members of the Market Incident Management Plan Committee will include:~~

~~1.1.1 representatives of the Authority;~~

~~1.1.2 the Directors;~~

~~1.1.3 the Market Operator's business continuity plan and disaster recovery plan managers, or deputies; and~~

~~1.1.4 Trading Party Contract Managers, or deputies, supported by appropriate business continuity plan and disaster recovery plan managers, or deputies (as and when required).~~

~~1.2 The Panel shall determine terms of reference for the Market Incident Management Plan Committee.~~

~~1.3 The Market Operator will provide secretariat support to the Market Incident Management Plan Committee, which role will involve taking the minutes of any meetings of the Market Incident Management Plan Committee and maintaining any actions list produced at a meeting of the Market Incident Management Plan Committee during and after the period of Invocation.~~

## 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 Proposal amends the membership of the MIMP Committee and further develops the roles and functions of the group. These changes will enable efficient decision making and management of an incident

		through the establishment of a sub-group by the Market Operator on behalf of the MIMP Committee. The proposed changes will also promote a coordinated operation between different parties and enhance the response of the market to an incident.
Proportionality		
Transparency	Y	The changes proposed by this Change Proposal will enhance the existing provisions in relation to the MIMP Committee, making them more concise, clearly expressed and further defined.
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).		
N/A		
Further Information		
N/A		
<b>Key</b>		
	To be completed by the Market Operator	
	To be completed by the Proposer	