

## Meeting Note

# Market Performance Committee Meeting (MPC12)

28<sup>th</sup> March 2018 | 10:30 – 13:00

Telco

Status of the Minutes: Final

### MEMBERS PRESENT

Nigel Sisman	NS	Independent Chair	Jesse Wright	JW	Wholesaler Committee Member
Trevor Nelson	TN	Retailer Committee Member	Katy Spackman	KS	Retailer Committee Member
Claire Yeates	CY	Retailer Committee Member	Mike Brindle	MB	Retailer Committee Member
Don Maher	DM	Wholesaler Committee Member	Natalie Round	NR	Wholesaler Committee Member

### OTHER ATTENDEES

Stephen Beddoes	SBd	Ofwat Observer	Michael Robertson	MR	MOSL Representative
Steve Arthur	SA	MOSL Representative	Meritxell Saura	MS	MOSL Representative
Katie Trehella	KT	MPC Secretary			

### APOLOGIES

Simon Bennett	SB	Wholesaler Committee Member			
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## 1. Welcome and Introductions

**Purpose: For Information**

- 1.1. The Chair began by welcoming the members of the Market Performance Committee (“Committee”) and convened the meeting.
- 1.2. The Chair noted comments from several Committee members regarding the visibility of the MPOP development

## 2. Minutes and Outstanding Actions

**Purpose: For Decision**

- 2.1. The Committee agreed the minutes from MPC11 but the Chair suggested that the minutes should potentially look to being shortened going forward
- 2.2. A09\_09 – The Committee agreed to close, pending a new actions from agenda item 6.
- 2.3. A10\_11 – The Committee agreed to close, pending a new actions from agenda item 5.
- 2.4. A11\_01 – The Committee agreed to close.
- 2.5. A11\_02 - The Committee agreed to close.
- 2.6. A11\_03 - The Committee agreed to close, pending new actions from agenda item 5.
- 2.7. A11\_04 - The Committee agreed to close.
- 2.8. A11\_05 - Committee agreed to leave this action open, noting that MOSL was still progressing this work.
- 2.9. A11\_06 - Committee agreed to leave this action open.
- 2.10. A11\_07 - Committee agreed close, pending new action.
- 2.11. A11\_08 - The Committee agreed to close, with the following being discussed:
  - 2.11.1 MOSL noted that a lot of conversation had arisen on the back of this and, whilst much meter classification is not necessarily resolved, there has been a large amount of activity and awareness.
  - 2.11.2 The Committee discussed whether disputes may arise from meter classification and noted that the clarity on classification in the code would be important, with further work potentially needed should the code be ambiguous.
  - 2.11.3 MOSL agreed to analyse meter read frequency classification by Trading Party, identify where it believes meters are misclassified and advise the relevant Trading Parties, prioritise contact with Trading Parties to deliver improvements in this area over the next few weeks to mitigate risks of inappropriate performance charging, consider exploring the associated issues with User Forum and update MPC on progress at next meeting.
  - 2.11.4 The Committee noted the overlap on this issue with some work conducted with the ORWG. MOSL confirmed they are revisiting how other groups workflow may overlap with the MPC. It was noted that overlap does not necessarily mean inefficiencies as different groups will have differing angles due to

A12\_01

their remit, but that cohesive and transparent working was important. The Committee also noted the role of Portfolio Managers in escalating market issues to the MPC and other groups.

- 2.11.5 The Chair suggested that performance resolution plans should be considered as soon as deficient performance is identified after the introduction of performance charging. It was noted that individual performance plans may also help identify enhancements that could be beneficial to the wider market. The Committee revisited the triggers for Performance Rectification plans and MOSL agreed to provide an update on how it would implement its discretion in the agreed process at MPC 13.

A12\_02

2.12. A11\_09 - Committee agreed to close, discussed in agenda item 6.

2.13. A11\_10 – Committee agreed to close.

### 3. CPW030 and CPM008 Update

**Purpose: For information**

- 3.1. Ofwat noted the approval of CPW030 and highlighted the further recommendations in their publication.
- 3.2. Ofwat confirmed that internal conversations are still ongoing on CPM008. It was noted that it did not require the urgency of CPW030. However, Ofwat confirmed ambition for this to be finalised before the May MPS Invoices are issued.
- 3.3. The Committee noted Ofwat's comments on CPW030 and agreed that, whilst likely to do a review in some form regardless, the Ofwat mandate has provided a formality, and defined a timeline, for this.
- 3.4. The Chair suggested, and it was supported by MPC members, that the review cover three areas;
- 1) Points raised in CPW030 Ofwat decision.
  - 2) The redistribution formula and structure, regardless of the CPM008 decision.
  - 3) The appropriateness of the current meter reading standards on very small supply points.
- 3.5. A Member noted the comments from Ofwat regarding the cap and that this may need to form part of the review, at least to give ample warning to trading parties should there be an intent to increase the cap. The Chair suggested that the User Forum may be useful for signposting issues to the market.
- 3.6. The Committee cautioned that there will still be limited evidence available during the next review to inform MPC recommendations for change. The Committee also recognised that the review be well planned and managed to avoid the second review using the majority of Committee resource over the next few months. The Committee agreed a rigid plan and objectives for the review should be put in place.
- 3.7. A Member noted that the cap and redistribution are highly interdependent and will need to be looked at as a pairing in any review.

### 4. Disputes Process

**Purpose: For information**

- 4.1. MOSL discussed the code provisions for disputes on MPS Charging, and stated the belief that any disputes would be covered under the MAC disputes process.

- 4.2. The Chair asked if there was a plan to minimise disputes and MOSL suggested ongoing communication to allow rectification before escalation.
- 4.3. MOSL noted an action from Panel on the MPC to develop a light touch governance framework on charging disputes. The action requires an update be provided at the May Panel meeting.
- 4.4. A Member asked whether charging due to erroneous data will be reimbursed and if any reimbursement would be raiser-only or market wide. MOSL noted that bilateral queries are easy to solve but stated relaying that back across all the market would prove much more difficult.
- 4.5. A Member raised the situation of disputes which are immaterial on an individual basis but have a large enough volume to be material as a group, and how these should be monitored and assessed.
- 4.6. A Member agreed to provide relevant examples of charging disputes from the Scottish Market. A12\_03
- 4.7. MOSL agreed to formalise a policy for charging related disputes to include eligibility, materiality threshold and resultant actions arising from a successful dispute. A12\_04

## 5. MPOP and Priorities

### **Purpose: For discussion**

- 5.1. MOSL updated the Committee on the status of the MPOP and confirmed that it is now in the process of segmenting the high-level framework into a workplan. MOSL advised that a data quality piece will supplement the MPOP. MOSL will provide the MPC with a draft MPOP for discussion at MPC 13. A12\_05
- 5.2. MOSL noted that overall market risks and any actions resulting will form the main theme of the MPOP, with MPS and OPS related activities forming part, but not all, of the plan. A Member asked whether Performance Rectification would be a potential output. MOSL advised that the MPOP will be based on the market as whole and that one potential output could be a performance rectification plan for a Trading Party but there are many other methods to improve performance.
- 5.3. MOSL gave the example of the RF settlement run as a potential blueprint for actioning broad market issues. MOSL recognised that the RF run was an issue, communicated what they intended to do to solve the problem and what TPs can do to solve problems with MOSL working with them to aid this. MOSL noted that this approach came out of data working groups and feedback from Trading Parties.
- 5.4. A Member queried the methodology of assessing risk against categories, and how much input the MPC will have into this. A Member also raised the amount of 'white noise' in the market and that eliminating this to focus on the right areas may be difficult but is an important task.
- 5.5. A Member asked if it would be useful for MOSL to update the Committee more frequently on MPOP progression which may allow a more efficient evolution of the plan. Some of the Committee expressed concern over a lack of visibility.
- 5.6. The Chair expressed concern over the timeframe for the finalised MPOP and MOSL agreed that it would be completed as soon as possible. The Chair reiterated the requirement to deliver a risk prioritised MPOP for MPC consideration ahead of the next meeting.

- 5.7. The Committee discussed the known industry wide issues in need of attention; meter reading, unpaired SPIDS and settlement/invoicing and whether there are more material market issues or market risks that are being overlooked. The Committee suggested a plan for this analysis is included in the MPOP and to help focus MPC activity, and MOSL's support to MPC, over the next few months.
- 5.8. A Member noted that operational performance likely has a greater market impact on Retailers and suggested that priority areas should be those causing the most market friction.

## 6. OPS

### **Purpose: For Discussion**

- 6.1. MOSL updated the Committee on actions since previous meeting. The Chair noted the action from MPC11 on setting up a separate working group has not yet been completed.
  - 6.2. The Committee stressed the urgency of MOSL convening the group given the challenging target of trying to introduce OPS performance charging for priority standards by October of this year. MOSL agreed to convene the group as requested by MPC.
  - 6.3. The Committee discussed whether the October timeline is still plausible in some form or whether the Committee should now set April at the target timeline. Some Members recognised the challenges of an October implementation, particularly given that a month had been lost because the group to identify the priorities and to agree the necessary guidance about consistent application had not been convened. However the Committee agreed that the review stage should not be delayed and that efforts should be focussed on delivering an October implementation, consistent with Committee's aspiration defined during an earlier part of the standards review. ,
  - 6.4. A Member noted the selective OPS measures are driven from volume and that this is still favourable, with progression as quickly as possible and the overall intention of getting limited measures in market before the end of 18/19 financial year.
  - 6.5. A Member noted that Trading Parties have already been having significant discussions on this amongst themselves and this work will be largely a case of centralisation and standardisation.
  - 6.6. A Member cautioned the potential 'double-hit' for Retailers whilst OPS remain un-charged, with Retailers affected to a much greater extent from MPS charges but also receiving negative effects from poor Wholesaler OPS performance.
  - 6.7. MOSL noted the need for an engaged working group that is able and willing to expediate the process.
  - 6.8. MOSL agreed to reopen the action to set up a working group and to bring outputs from the group to inform the development of a timeline for this project and the associated Change Proposal(s) to MPC 13.
- A12\_06
- 6.9. The Committee noted the aggressive timescale, and discussed whether a second accelerated review might prevent the Committee from fulfilling its wider Market Performance remit. It was agreed that diligent management of MPC workload would be necessary but that focussed efforts, in the context of a sound MPOP, could ensure wide progress in a number of areas over the next few months.
  - 6.10. A Member raised that performance levels currently being seen for OPS are sometime misaligned with the Retailer experience of service level.

6.11. MOSL agreed to present 2017/18 OPS data at MPC 13.

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## 7. Any Other Business

### Purpose: For discussion

7.1. A member raised whether there is a material interpretation issue for MPS 17 between the new reports and original principles. MOSL stated that confusion may have come from a defect with the old CMOS reports but that they did not believe the interpretation of the code had been changed in the new reports. The Committee agreed to revisit at MPC 13 pending explicit definition of the perceived issue by the member.

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7.2. The Chair expressed a desire for the Committee to evaluate the processes of the MPS standards review. The Committee agreed to add this as an agenda item for MPC14, with the Chair to approach members post MPC 13 to collate feedback.

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7.3. The Chair reiterated that the Panel have mandated the Committee to review and report back on its Terms of Reference. The Chair noted that the MPC is not yet currently performing many of the tasks allocated to it. Furthermore, process requirements in the TOR are not being delivered. The Chair indicated that the MPOP should define expected timelines for many of its responsibilities including when these might start. On this basis, having reviewed MPC working, the ToRs might be revised and then returned for ratification or refinement by Panel. The Chair indicated that he would ask Members for feedback on the ToRs after the MPOP has been seen so that the MPC can confirm its commitment to the (revised, if necessary) ToRs.

A12\_10

7.4. The Chair stated that the Committee are now required to provide an update on meter reading validation to the Panel. A Member suggested reading the working group notes from CPW13, with a lot of the material likely still useable for a future code change. It was suggested that the issue of priority should be assessed against other data issues and work for MOSL and MPC. MOSL were asked to include the issue of meter reading validation in the MPOP and having assessed the risk, defined its priority and the associated timeline (if appropriate) for the assessment.

## Actions:

A12\_01 MOSL to analyse meter read frequency classification by Trading Party and identify where it believes meters are misclassified. MOSL to also consider exploring the associated issues with User Forum.

A12\_02 MOSL to provide an update on how it would implement its discretion in the performance resolution process at MPC 13.

A12\_03 Member to provide relevant examples for charging disputes and resolution processes from the Scottish Market

- A12\_04 MOSL to formalise policy on charging related disputes and process
- A12\_05 MOSL to provide draft MPOP work plan
- A12\_06 MOSL to establish separate working group on OPS standardising and charging, and update at MPC13
- A12\_07 MOSL to present analysis of full-year OPS data
- A12\_08 Committee to decide whether there is a material change in interpretation of MPS 17 in the new reports
- A12\_09 Chair to collate feedback from Committee members on the MPS Review process
- A12\_10 Committee to provide feedback on Market Performance Committee Terms of Reference

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The next MPC meeting is scheduled for: **28 March 2018, 10:30 – 15:30, at:**

**MOSL**  
**4<sup>th</sup> Floor**  
**16-18 Monument Street**  
**London**  
**EC3R 8AJ**

The nearest tube stations are **Monument, Bank and London Bridge.**

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